TEXAS DEPARTMENT OF MOTOR VEHICLES BOARD MEETING

Thursday, August 9, 2012

Room 1B.1
Building 150
200 East Riverside Drive
Austin, Texas

BOARD MEMBERS:

Victor Vandergriff, Chair
Laura Ryan, Vice Chair
Robert "Barney" Barnwell, III
Blake Ingram
Cheryl E. Johnson
Raymond Palacios (not present)
Victor Rodriguez
Marvin Rush
Johnny Walker

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of Motor Vehicles.

PROCEEDINGS

MR. VANDERGRIFF: Good morning. My name is

Victor Vandergriff and I'm pleased to welcome you here

today to the meeting of the Board of the Texas Department

I'm now calling the meeting for August 9, 2012 of the Board of the Texas Department of Motor Vehicles to order, and I want to note for the record that the public notice of this meeting, containing all items on the agenda, was filed with the Office of Secretary of State on July 31, 2012.

Before we begin today's meeting, please place all cell phones and other communication devices in the silent mode.

And if you wish to address the board during today's meeting, please complete a speaker's card at the registration table. To comment on an agenda item, please complete a yellow card and identify the agenda item. If it's not an agenda item, we'll take your comments up during the public comment portion of the meeting.

I'd like now to have a roll call, please, of the board members. Vice Chair Ryan?

MS. RYAN: Present.

MR. VANDERGRIFF: Board Member Ingram?

MR. INGRAM: Present.

1	MR. VANDERGRIFF: Board Member Johnson?
2	MS. JOHNSON: Present.
3	MR. VANDERGRIFF: Board Member Rodriguez?
4	MR. RODRIGUEZ: Present.
5	MR. VANDERGRIFF: Board Member Rush?
6	MR. RUSH: Present.
7	MR. VANDERGRIFF: Board Member Walker?
8	MR. WALKER: Present.
9	MR. VANDERGRIFF: Board Member Barnwell?
10	MR. BARNWELL: Present.
11	MR. VANDERGRIFF: And let the record reflect
12	that I, Victor Vandergriff, am here as well. We do have a
13	quorum. Board Member Raymond Palacios will not be joining
14	us today, so the record will reflect that as well.
15	I do want to note at the outset of the meeting
16	that we do have an agenda item here in consideration of
17	rules that is number 4 on our agenda items. We're going
18	to take that matter up, for the notice of the audience, at
19	a time certain because we have people that are wanting to
20	come in and speak on that, and we will not begin that
21	until eleven o'clock at the earliest. So we will go out
22	of order in this presentation here, and we'll skip 4 as we
23	continue moving through the rest of the agenda.
24	At this time I think that all the speaker cards
25	that we have are not for the public comment portion but

they are speaking on a particular agenda item, that's what 1 I indicate here. So unless someone identifies themselves, 3 they have a separate matter, I do not see that. The next item of business is the consent 4 5 agenda. Mr. Harbeson. 6 MR. HARBESON: May I proceed? MR. VANDERGRIFF: Please. 7 MR. HARBESON: Good morning. My name is Bill 8 Harbeson. I'm the director of the Enforcement Division 9 and of the Motor Vehicle Division. 10 On today's consent agenda there are 37 agreed 11 orders where staff has entered an agreement with the 12 13 respondent to settle the case. There are 17 notice of violations which are also in agreement. These are the 14 15 tickets that are issued in the field by our investigators for minor violations. There are five dismissal actions 16 where we decided to dismiss the case, and two Lemon Law 17 settlement and dismissal cases. 18 19 Staff today is requesting that you approve these items. 20 MR. INGRAM: I'd like to move that we approve 21 consent items A through D, as presented. 22 MS. JOHNSON: I'll second. 2.3 24 MR. VANDERGRIFF: We have a motion by Board

Member Ingram and second by Board Member Johnson.

no indication of any need for discussion, please raise your right hand in support of the motion.

(A show of hands.)

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MR. VANDERGRIFF: The motion carries unanimously.

The next item on our agenda is item number 3.A, which is a warranty performance proposal.

Mr. Gladney.

MR. GLADNEY: May I proceed?

MR. VANDERGRIFF: Please.

MR. GLADNEY: For the record, Mark Gladney for our Lemon Law section.

This case is Aldridge v. GM, 12-0097CAF. We do have a representative from GM here, Kevin Phillips. He's filled out a yellow card but I've had a conversation with him so it's optional as to whether or not he wishes to speak to the board.

Briefly, the complainant alleged a problem with the rear suspension of the vehicle as well as airbag and air conditioning operation issues with a used 2006 Chevrolet truck. SOAH conducted a hearing on April 25 of this year. The parties appeared at hearing. The SOAH ALJ found no evidence of an existing defect that constituted a substantial impairment, and the judge recommended dismissal of the complaint.

This case has a bit of a twist because the case was initially noticed as a 2301.204 case which this board has final authority, but SOAH ALJ did a 2301.604 replacement or repurchase analysis which clearly is a little bit different and certainly outside the board's jurisdiction because the final order authority on a .604 case would be the Motor Vehicle Division director.

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So the staff recommends a remand of this case back to SOAH for possible further proceedings due to an error in the proceeding by proceeding under .604 as opposed to a .204 matter because this was a used vehicle.

The Lemon Law only covers new vehicles. So what staff is recommending is a remand back to SOAH to correct the errors that were in the original PFD that came to the agency. Therefore, today I supplied each one of you with a revised remand order, and we made just a couple of minor changes to that remand order which you'll find on page 2 of the order -- actually, it would be page 3 of what you have because you have the executive summary in front.

The change is made in the first paragraph on the last page where it now reads: "The misapplication of law in this case cannot be corrected through Government Code 2001.058(e)." And then the other change is in the last sentence where it now reads: "The State Office of Administrative Hearings is requested to readjudicate this

1	matter under 2301.204 and provide the Motor Vehicle
2	Division a proposal for decision which includes findings
3	of fact and conclusions of law as to whether the
4	complainants are entitled to an order of repair relief."
5	So we're asking the board to approve this
6	modified proposed order and have it sent back to SOAH for
7	either a possible rehearing under .204, as opposed to
8	.604, or just a modification of the PFD if the evidence in
9	the record is sufficient for a .204 analysis.
10	MR. RODRIGUEZ: So move, Mr. Chairman.
11	MR. VANDERGRIFF: Do we have a second?
12	MS. JOHNSON: I'll second it.
13	MR. WALKER: I have a question.
14	MR. VANDERGRIFF: Go ahead, please, Mr. Walker.
15	MR. WALKER: Mr. Gladney, this is a Lemon Law
16	case. Is that correct?
17	MR. GLADNEY: No. Actually, this would be a
18	warranty performance case under 2301.204; under 2301.64,
19	it would be a Lemon Law case. This is a used vehicle.
20	MR. WALKER: So it's going back as a warranty
21	case, not as a Lemon Law case?
22	MR. GLADNEY: Right.
23	MR. WALKER: It was my understanding in reading
24	the letter from the complainant that he was asking for a

new car which makes it a Lemon Law case.

MR. GLADNEY: Well, we get a lot of complainants that ask for a lot of things, and if it doesn't comport with what the law says, they're not necessarily going to get what they're asking for.

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MR. WALKER: So he's asking for a Lemon Law but it's not a Lemon Law and he understands that it's not a Lemon Law case?

MR. GLADNEY: He's been instructed of that on a number of occasions. That's why the notice of hearing that was sent to SOAH specifically noted that this is a 2301.204 case, not a .604.

MR. WALKER: I just would hate to see him waste his time thinking he's going to get a new car when the Lemon Law case doesn't apply here.

MR. GLADNEY: We've seen this happen before from time to time. This is a rarity type of case, but sometimes you have people who feel that I have a problem with my vehicle, it might be a six-year-old or eight-year-old vehicle, maybe even outside of warranty, and I want a new car. And unfortunately for them, that's not the way the legislature wrote this law. There has to be limits.

MR. WALKER: Thank you. I'm through.

MR. VANDERGRIFF: Before I call for any further discussion or a vote, I do want to note that we did have one gentleman that would be Kevin Phillips from General

1	Motors here that was wishing to speak for the dismissal
2	here, but under the circumstances, I'm not sure, Mr.
3	Phillips, can you identify yourself?
4	MR. PHILLIPS: Kevin Phillips.
5	MR. VANDERGRIFF: Good to see you. Do you
6	still wish to speak?
7	MR. PHILLIPS: No, I'm okay with it being
8	remanded.
9	MR. VANDERGRIFF: That's what I thought, but I
10	wanted to note you were here. Thank you very much.
11	MR. WALKER: I thought Mr. Aldridge was here
12	too. He's not here?
13	MR. VANDERGRIFF: I do not have a card for
14	anyone else.
15	MR. GLADNEY: I called for Mr. Aldridge several
16	times, and it may have been just some confusion and people
17	thought it was Mr. Aldridge and it was actually Mr.
18	Phillips.
19	MR. VANDERGRIFF: Any further questions or
20	discussion?
21	(No response.)
22	MR. VANDERGRIFF: We have a motion on the
23	floor. Please raise your right hand in support of the
24	motion.
25	(A show of hands.)

ON THE RECORD REPORTING (512) 450-0342

MR. VANDERGRIFF: All those opposed, didn't see 1 any, so the motion carries unanimously. Thank you very 2 3 much. Thank you. That's all I have. MR. GLADNEY: 4 MR. VANDERGRIFF: All right. We're on to item 5 6 number 3.B. 7 Mr. Harbeson. 8 MR. HARBESON: Yes. Again, I'm Bill Harbeson, director of the Enforcement Division and Motor Vehicle 9 Division. 10 On your agenda today are four enforcement 11 motions for disposition. These are cases where after 12 13 notice and opportunity for hearing, the respondent did not appear. The case then is removed from SOAH and brought 14 15 back to the agency for the board's action, and you've been 16 presented each of these four cases with their proposed 17 order by the staff attorney, and staff today is requesting your approval of these four items. 18 19 MR. WALKER: So move that we take the entirety of those as staff's recommendation and sign the order. 20 MR. VANDERGRIFF: Okay. We have a motion from 21 22 Mr. Walker. I think I do understand the motion. have a second to that motion? 2.3 24 MS. JOHNSON: I'll second that.

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MR. VANDERGRIFF: A second from Ms. Johnson.

So all those in favor, please raise your right hand in 1 support of the motion. 2 (A show of hands.) 3 MR. VANDERGRIFF: The motion carries 4 unanimously. 5 6 MR. HARBESON: Thank you. 7 MR. VANDERGRIFF: Again, we have skipped item number 4 for now, and as I said, we'll take it up at a 8 time certain past eleven o'clock or at eleven o'clock. 9 In the next item we do have board committee 10 updates. I'm going to skip just briefly, because I think 11 12 it's probably easier to do this next item out of order, B, 13 and that's just the board committee appointments and work assignments. 14 15 We do have one committee appointment that I 16 want to note for the board and ask for your approval, and that is to add Mr. Barnwell, Robert Barnwell to the 17 Projects and Operations Committee. I'd be pleased to 18 19 entertain a motion to that effect. 20 MS. RYAN: I'll make the motion that we approve Mr. Barnwell for the committee. 21 22 MR. VANDERGRIFF: All right. Do I have a second? 2.3 MS. JOHNSON: I'll second that. 24

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MR. VANDERGRIFF: We have a second from Ms.

Johnson. All those in favor please raise your right hand in support of the motion.

(A show of hands.)

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MR. VANDERGRIFF: The motion carries unanimously. Thank you.

Mr. Barnwell, thank you very much for agreeing to serve on that committee.

MR. BARNWELL: You're welcome. Thank you.

MR. VANDERGRIFF: With that, I'd come back to the board committee items. We have had a couple of committee meetings, and I'd like to go ahead and recognize Mr. Ingram, who is filling in, he was on the committee, obviously, and is filling in for Raymond Palacios today, to update us on the Finance and Audit Committee.

MR. INGRAM: Okay. Mr. Chairman, board members. We met as a committee on Monday, July 30 to review three agenda items. The first one was the 2013 audit plan for the agency, the second is the recommended Fiscal Year 2013 operating budget, and also the 2014-2015 Legislative Appropriations Request.

During that first item which is the audit plan for the agency, we directed our auditor, Bill Lawler, to reformat and clarify next year's proposed audit plan for further discussion at a meeting to be scheduled September which I believe has been scheduled.

The committee also approved changes, which had a zero impact, to the 2013 operating budget bottom line allocation, and the committee now recommends that the board approve the 2013 operating budget as presented.

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The committee also approved the 2014-2015

Legislative Appropriations Request and considered reducing the agency's budget request to reflect cost savings.

After careful consideration, the committee did not direct staff to implement reductions; however, we did recommend the following. There are some exceptional items -- are they in our packet, Linda?

Well, specifically then, since they've already been removed, I'll tell you that we removed the \$2 million in Motor Carrier credit card charges. The Finance Committee directed the staff to develop a process to add a service charge to cover the convenience fee payable to the credit card companies. In essence, instead of asking the legislature for an exceptional item, we're looking at ways to recover that cost directly from the consumer.

We also removed another item, those \$2.3 million to add 16 full-time equivalents and 16 vehicles. And Linda, that 16 vehicles were for?

MR. VANDERGRIFF: I would suggest maybe, since we're getting into the meat of the presentation, that perhaps you come up and follow with Mr. Ingram on this.

MR. INGRAM: Sorry. I didn't mean to jump too 1 2 deep. 3 MR. VANDERGRIFF: No. I think it's good. MR. INGRAM: I jumped from the high board, 4 didn't I. 5 6 (General laughter.) MR. RODRIGUEZ: Mr. Chairman, so these items 7 8 are up for approval today? MR. VANDERGRIFF: Yes. 9 10 MS. FLORES: For the record, my name is Linda Flores. I'm the chief financial officer for the agency. 11 And as soon as the screen lights up, we'll move to the 12 exceptional items. 13 MR. INGRAM: Are there any questions? 14 I quess 15 we can go to the 2013 budget first and see if there's 16 anything before we move on. Is there any questions about 17 the 2013 proposed budget? MS. JOHNSON: My only question is through June 18 19 30 we've only spent, I guess, 83 percent of our budget, so if we're only going to spend \$120 million with \$170 20 million budget, are we repeating this, are we just going 21 22 to continue to have more budget than we're actually going to spend? 2.3 24 MS. FLORES: In FY 2013 we do include approximately \$40 million of unspent balances associated 25

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with capital projects. The majority of that is for the RTS re-factoring, and as you all discussed that yesterday, we do anticipate this fall entering and executing a contract to proceed with that project. So the intent is to have all those dollars obligated by next August.

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MS. JOHNSON: So we'll spend the full \$170 million rather than \$160 million or \$120 million?

MS. FLORES: We do project approximately a \$1 million lapse and that has been factored into the agency's appropriations request for the next biennium.

MR. RODRIGUEZ: I have a question. I'm wondering if Ms. Brewster has had enough time to review and concur with the plan. And this is a plan only -- in other words, this is what we're asking of the legislature this coming session. And now that we have our executive director onboard, I'm just wondering if you've had enough time to review this. If you haven't, then you can tell us, but I was wondering.

MS. BREWSTER: Thank you, Member Rodriguez. I have looked through the materials that have been presented to the board. We have not gotten into the nitty-gritty of this request yet, but I fully intend to do so.

MR. INGRAM: I'll add on to that, Mr. Rodriguez, Ms. Brewster also was at that committee meeting, at least by audio.

1	MR. RODRIGUEZ: We're due to turn this in by?
2	MS. FLORES: August 16, next Thursday.
3	MR. RODRIGUEZ: So our back is to the wall
4	right now.
5	MS. FLORES: Yes, sir.
6	MR. INGRAM: Any other questions about the
7	2013?
8	MR. VANDERGRIFF: This did come to the board at
9	the last board meeting, and then we had a committee after
10	that or they had a committee meeting. I'd say you
11	spent about six hours on this with three of the board
12	members.
13	MS. FLORES: Yes, sir. On July 30.
14	MS. RYAN: And the committee is recommending it
15	be approved?
16	MR. INGRAM: Yes. Should we discuss the 2014-
17	2015 request?
18	MR. WALKER: Do you need a motion for this?
19	MR. VANDERGRIFF: Yes, we will. We don't have
20	the motion yet on the floor, and I also don't know if we
21	have further discussion, further questions from the board
22	members.
23	MR. INGRAM: We could do the 2013 and get it
24	out of the way.
25	MR. VANDERGRIFF: We can take this particular

one up now, if we want to. It's up to the board's 1 pleasure. You can certainly take these up in the order in 2 3 which they're presented on our agenda which the first one was the approval of the Fiscal Year 2013 operating budget, 4 but you're looking right now at item E which was the 5 6 approval of Fiscal Year 2014-2015 Legislative 7 Appropriations Request. MR. INGRAM: To do this more in a logical 8 9 sense, I'd like to make a motion that we approve the 2013 10 budget. MS. RYAN: Second. 11 MR. RODRIGUEZ: The 2013 budget? 12 13 MS. FLORES: Operating budget. MR. RODRIGUEZ: So you're on item D right now. 14 15 MR. VANDERGRIFF: Yes. I want to make sure I'm 16 clear. We have a motion to approve the 2013 fiscal year 17 operating budget and it's by Member Ingram and it's been seconded by the Vice Chair. And now it's open for 18 19 discussion. 20 MS. RYAN: Exception items are for 2014-2015. Correct? 21 22 MR. VANDERGRIFF: That's correct. We're actually looking at the next item on the agenda right now, 23 24 which is the exceptional items as part of the 2014-2015. 25 MR. RODRIGUEZ: Question. 2013 budget within

our currently authorized. 1 MS. FLORES: Absolutely. 2 MR. RODRIGUEZ: I'll second the motion. 3 MR. WALKER: It's already seconded. 4 MR. VANDERGRIFF: Any further questions? 5 6 (No response.) 7 MR. VANDERGRIFF: Please raise your right hand 8 in support of the motion. (A show of hands: Barnwell, Ingram, Rodriguez, 9 10 Rush, Ryan, Vandergriff and Walker.) MR. VANDERGRIFF: All those opposed. 11 (A show of hands: Johnson.) 12 MR. VANDERGRIFF: The motion carries seven to 13 one; Board Member Johnson voted against. This is on the 14 Fiscal Year '13. 15 So now we're on the Fiscal Year 2014-2015 16 17 Legislative Appropriations Request and exceptional items. MS. FLORES: And if I may, just kind of as an 18 19 introduction or a background into our appropriations 20 request. This is the second biannual appropriations and staff has been challenged to identify savings, and if 21 22 you'll recall, from where we started to the current biennium -- so we're looking at FY '10 and '11, '12 and 2.3 24 '13 -- we actually did adjust our base budget down by

almost \$39 million. So we have identified some savings.

We are fiscally prudent in what our request is.

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I believe that this appropriations request will meet the board's direction of moving us forward. We're trying to establish core functions that are responsive and retail-oriented in its processes. I think further reducing the agency's appropriations request at this time of its evolution would kind of hinder us in that direction. So our base budget request for the next biennium, as recommended by the Legislative Budget Board -- because they've given us the approval for our base request -- is \$307.2 million. We originally asked for \$302-, they came back with a couple of adjustments.

One was \$2.6 million to accommodate the payments that we have to make to the special plate vendor. We see additional revenue coming in, we need to make those payments, so it's a one-to-one, or zero net impact. They also took into account a full 12-month operation budget for the Oversize/Overweight program. Our original estimate was only worth eight months because they transferred in January, so the LBB made that adjustment and that as worth \$2.6-. So those two significant adjustments brought our base up by almost \$5 million.

These exceptional items, which were originally nine and are now down to six, include things that we believe we need to operate efficiently. As presented in

yesterday's Projects and Operations Committee meeting,
Dawn Heikkila mentioned and briefed you on the interagency
contract with the Department of Information Resources. We
are creating our own standalone network and we're going to
be using more services. The first line item is a milliontwo a year, \$2.4 million. We are required to use the Data
Center; every state agency is required to go through the
Data Center. So if you use more services, you pay for
more services. We anticipate that happening to us in '14
and '15.

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The second line item is a federal grant, so 50 percent of that is matched by the feds.

The third item is expanding the agency's fleet. In the base request I have replacements for nine vehicles that we desperately need to replace, but we also have investigators without the tools that they need to enforce the agency's rules. The third line item is expanding by 15 vehicles.

Number four, because we are now consolidating onto a single general area location by Camp Hubbard, we need to pay for our own electricity, utilities, gas, water, building maintenance. Line item four, approximately a million-five, will cover those anticipated costs.

The next line item is an integrated financial

system. And I do have some brochures that I'd like to pass out for you to review. There were a lot of questions asked about the costs associated for this project. It's two significant modules, it's human resources, as well as an integrated financial system. And what you see in front of you is from the Comptroller's Office. Again, all state agencies are required to participate in the Comptroller's Enterprise System. We can't go out and competitively bid without her waiver, if you will, and because she's trying to get an integrated state system, any agency wanting a new integrated financial system has to participate in her project. It would be an 18-month implementation, and it does include costs for maintenance and custom reports that we would request for our agency operations.

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MR. VANDERGRIFF: Ms. Flores, can I ask a question, stop you? If I recall correctly, when the agency first started that we would have been included in this program but we requested to step aside because we were brand new and they granted that. The question I have, though, is that it's kind of like one of these things that if you do not volunteer that you will eventually be drafted?

MS. FLORES: That's my understanding. The Comptroller is taking four to five agencies at a time to integrate multi-tenants into this application, and because

right now they're working on TxDOT, they have deployed

Texas Department of Insurance, I know that there's work

going on for Housing and Community Affairs. So we're a

mid-size agency, I know they took off a big chunk when

they went with Health and Human Services, as well as

TxDOT, and they haven't fully implemented those yet but

they're working on them. So we would be on the next batch

to participate, and quite frankly, we'll benefit from some

of the lessons learned with the bigger agencies that

they're working on right now.

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MR. INGRAM: I'll mention real quickly -- sorry to interrupt, Ms. Flores -- that was the only item that did not have full consensus with the committee. I think all of us were very, very concerned about the cost. It doesn't really seem feasible that it would cost that much money, but the Comptroller is trying to achieve a very ambitious project, and that cost does come directly from the Comptroller.

MS. FLORES: Yes, sir. I've been working with the Comptroller all weekend, getting additional information, and they actually provided these brochures for our use.

MR. BARNWELL: With the automation project, the re-factoring and all the other balls that this department has in the air, is this going to overload the boat even

more?

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MS. FLORES: The good thing about this project is that it's hosted by the Comptroller, so my staff in Financial Services would be tied up, but I think for the benefits that we would receive, it's worth it to us. I don't have an accounts receivable system that I can run reports on to see what kind of cash flow.

MR. BARNWELL: I understand the benefits you're talking about, Linda. What I'm interested in is overburdening the staff of the agency to the point that some of the critical -- and this is not absolutely critical, the re-factoring and automation project are -- I don't want to get the boat so loaded that it won't float, and we need to maintain headway, if you want to use a nautical analogy.

MS. RYAN: I add to that is I would maybe say this is critical as infrastructure. I think we have critical outside looking in, which our automation project is. From what I understand, the staff is so overburdened with trying to do things the way they do them, and we don't have the ability to get the reports and the data that the leadership in the agency and the board might want that I think we need some efficiencies. At least, that's what I've understood.

MS. FLORES: This is definitely infrastructure.

MS. RYAN: I thought I'd throw that out too and 1 then let her answer. 2 3 MR. BARNWELL: Then that answers my question about it. Thank you. 4 MR. INGRAM: And I'll point out too that just 5 6 for an agency of our size, our budget being \$170 million, and we're working off Excel spreadsheets, and not even new 7 8 Excel spreadsheets. (General laughter.) 9 10 MR. INGRAM: So it's an incredible feat, 11 actually, to achieve what you have with Excel spreadsheets. But we want accurate data timely -- timely 12 13 is the key word. MS. FLORES: Timely so that you're not seeing 14 15 reports two months old because we can't close a month and 16 be able to run reports. 17 MR. INGRAM: Of course, ultimately, it may not be picked anyway. 18 MS. FLORES: Correct. 19 This is just a request. 20 MS. JOHNSON: I'd like to comment that I see -although I don't know what our current infrastructure is, 21 22 although I'm big on identity theft, protecting personal

information, and I do see in here that this is not using

Social Security numbers, so if we move to this, will we

not be doing a better job of protecting information to

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prevent identity theft?

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MS. FLORES: Absolutely. I'm sure you all know we had an incident occur where state employees' information was out there, so they have taken steps to correct that.

MS. JOHNSON: Thank you.

MR. RODRIGUEZ: Linda, the LAR, the appropriations request, that's a budget plan, and my question is -- and I think you answered it earlier -- it's within the limit parameters of instructions we have thus far.

MS. FLORES: Yes, sir. It complies with all of our requirements.

MR. RODRIGUEZ: Number two, would you explain what exceptional items means in the budgetary process?

MS. FLORES: Yes, sir. As I previously indicated, the Legislative Budget Board sets an agency's base budget, and what they look at is what you spent, in this case it would be expenditures for '11, what you anticipate to spend in '12 and what you've budgeted to spend in '13, and there's a formula -- it's formula-driven -- that creates your base. You can ask for less but you can't ask for more.

An exceptional item is the tool for asking something above the base. It's not a guarantee. It's got

to go to the Legislative Budget Board and if we're lucky and it makes it out of their office and the Governor's Office, then it's presented to a committee, an appropriations committee. Again, we have to justify it to them, as well, we have to sell it, we have to justify it, and then if they approve it, it's appropriated.

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MR. RODRIGUEZ: So in essence, it's our wish list, and that's really what we're fighting for in the legislative process.

MR. WALKER: It's not always a wish list, though, because there's items on there that, for example -- and that's sort of leading me to the next question I had which was the Oversize/Overweight, we did not have Oversize/Overweight in our budget in the past because we did not have that part of the agency with us, so since that money was not there in the past, it was my understanding that going forward on the shortfall on the Oversize/Overweight that was not in our budget, that we had to do that as an exception item.

MS. FLORES: That was the credit card charges.

MR. WALKER: Oh, the credit card charges in the Oversize/Overweight.

MR. RODRIGUEZ: These are essentially things we're going to compete for, basically.

MS. FLORES: Yes, sir.

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MR. RODRIGUEZ: That's what I'm trying to
suggest here is that by virtue of putting them on this
list, we're not making a decision today that's what we're
going to do, those are things we're going to try to get
out of the legislative process.

MR. VANDERGRIFF: Well, we are making a
decision to support the agency. There was originally nine
on the list and the committee has knocked three of those

decision to support the agency. There was originally nine on the list and the committee has knocked three of those off. One of them is actually covered by an additional grant, so it's been picked up elsewhere. So we are actually approving the agency pushing these forward.

 $$\operatorname{MR.}$$ RODRIGUEZ: Yes. And this is our legislative plan.

MS. FLORES: Yes, sir.

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MR. VANDERGRIFF: And about half the board is new, but it's the same thing we did two years ago.

MS. FLORES: And if I could remind you all, in our last appropriations request we had approximately seven exceptional items, none of them were funded.

MR. INGRAM: We have one last item.

MS. FLORES: Oh, I'm sorry. Yes, sir. Item number six is to address, again, our general fund reduction request from the Legislative Budget Board. They are asking all state agencies for a plan to reduce programs funded through GR by 10 percent. We only have

one program in this agency that's funded through general revenue, that's the Automobile Burglary and Theft
Prevention Authority. So because we are including that in our schedules that we submit, we are asking for restoration of that 10 percent reduction, and it is listed in priority order, so this would be the agency's priority number six, six of six. So our total original request that staff had proposed was closer to \$30 million, it is down to \$16 million.

MR. RODRIGUEZ: I think it's important to know one more thing on this, because not only this -- I call it a wish list, whether we call it that or not, but this is our exceptional list -- not only is this our list but it's also in the priority that I think you want, so it's important that we agree.

MR. WALKER: That's our priority, and the committee made the decision to put those in that order, and then if this board wants to adjust those, we can sure move any of those if they think that it's a higher priority than one of the others, we need to make those adjustments today.

MR. RODRIGUEZ: There is significance to the rankings, as well.

MR. WALKER: That is correct.

MS. FLORES: And that concludes the exceptional

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items.

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MR. VANDERGRIFF: I was going to ask further questions of Ms. Flores on this.

MS. FLORES: I have one more.

MR. VANDERGRIFF: Please, go ahead.

MS. FLORES: There is one more request that staff has brought forward, and it is the last item on this slide. It is an addendum to our rider request.

A rider in an agency's bill pattern provides additional instructions to an agency, or it's a result of some legislation that's passed, some legislation passes midstream, they'll drop in a rider in the bill pattern that says in addition to amounts appropriated above, the agency gets XY, or out of the amounts appropriated above, the agency is required to do ABC.

We have in the '13 operating budget experienced a significant increase in costs associated with license plate production, and this came up during the Finance and Audit Committee meeting. Perhaps the agency should request a rider that would appropriate additional funds if plate production increases due to additional auto sales that we weren't anticipating. Our current production is roughly about 11 million plates at a cost of about \$17 million. That's for '13. It's a jump of \$4 million from FY '12. If we have another similar jump, our budget won't

support that cost increase. So staff has come forward with a new rider request to authorize the agency additional funds, not to exceed a million dollars, in case that happens during the '14-15 biennium.

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And I know that other state agencies use this type of vehicle to get additional dollars. DPS is one when it comes to fuel costs because they vacillate so much. Again, this would operate in a similar way for the agency.

And that concludes the presentation on the appropriations process.

MR. VANDERGRIFF: Any questions of Ms. Flores?

MR. WALKER: I'd like to make one comment.

MR. VANDERGRIFF: Please.

MR. WALKER: I know that the Governor's Office has made a request to general fund agencies to reduce their overhead costs by, I think, it's 10 percent or 5 percent?

MS. FLORES: Ten percent general revenue.

MR. WALKER: Ten percent. Our committee did take that into consideration, even though very little of our funding is general revenue funding, and the reason we justified the same budget, pretty close or a little bit of an increase instead of a reduction was because our revenue stream which means basically -- it's kind of like I relate

back to some of the trucking business, but to generate more money in the trucking business you have to have more trucks to do it -- and so if you looked at what our increased revenue levels are going forward into the next two years, our projections on that, we have actually reduced our overhead operating costs by a significant percentage based on the overall number that we're looking at. We're just going to operate at a higher level but at a lower cost percentage-wise.

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MR. VANDERGRIFF: I think the board members are aware, but in case you're not, we've generated, and Ms. Flores testified before a joint meeting of House Appropriations and Transportation committees that we're projected to generate -- and I'll let you give the punch line.

MS. FLORES: The good news is we're bringing in about \$160 million more than we anticipated. Some of that is due to just normal growth, but a significant portion, about \$120 million, is just increased revenue from changes that were implemented during the 82nd Legislature.

MR. VANDERGRIFF: 81st, as well, one of them was in the 81st.

MS. FLORES: Yes, sir. We do believe that that revenue has created a new level, if you will, that we will continue to see in '14 and '15, so this is our projection

for '14 and '15, it's a billion-six a year. The agency retains about 9.4 percent to support its operations.

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MR. VANDERGRIFF: And also, I believe that there's another number that I think the Motor Carrier Division is generating additional roughly \$30 million, so that's on top of the \$160-.

MS. FLORES: Right. Through the increased efficiencies that we've seen with the automation, TxPROS, we are seeing additional revenue through that system as well.

MR. WALKER: So in effect, we're really meeting the governor's request because we're operating more efficiently, we're just operating at a higher level of income for the state then.

MR. VANDERGRIFF: Almost \$200 million more.

MR. WALKER: Yes.

MS. JOHNSON: I'd like to make a comment. I'm going to support this, and I appreciate all the work that's gone into it, but because primarily because we have so many initiatives underway and there is upper pressure as we have more sales occurring, there is going to be a demand for more work, but I do think we need to be concerned that to some extent we're overestimating our needs, and I would appreciate in the future over time, as our committee looks at what was appropriated versus what

was actually spent, to identify in the future, future savings.

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We have too much going on right now to really do that analysis properly, but I think over time as we move along that it would be very beneficial. We're not being asked to reduce our Fund 6 revenues, but if we can clearly identify that because of the technology initiatives and because of the hard work of this agency and us coming together, for example, the fewer campuses, that there could be savings in the next biennium that this agency could recognize that would, in essence, fund more transportation projects.

MR. INGRAM: Absolutely. And I'll just add on that we probably spent at least an hour discussing savings in the 2013 budget from the 2012. You're right, though, as far as we're in too much flux, we have too many FTEs in this thing, so it's really hard to look at the entire 2012 and 2013 at one time, but certainly that will be our goal.

MS. JOHNSON: Thank you.

MR. INGRAM: So we're back to do we want to reprioritize the exceptional items or change them, remove them, add to them, whatever.

MR. VANDERGRIFF: The committee came up with six there and the priorities which they will be considered by the LBB really almost individually, so some of the

prioritization is the message we send to ourselves and our 1 stakeholders. 3 MR. WALKER: Excuse me. MR. VANDERGRIFF: We have a sidebar 4 conversation going on, members of the committee. 5 6 MR. WALKER: I'm questioning, I know we approved the credit card deal over there, but I didn't 7 8 know whether that needs to be an action item today or 9 whether we need to just explain it to the board or just 10 let the staff do as it's instructed by the committee. MS. FLORES: If I could perhaps add some 11 additional information. Because the Legislative Budget 12 13 Board gave us a 12-month budget over Oversize/Overweight, that's \$2.6 million. My recommendation is to use that 14 15 additional funding to cover those credit card charges for 16 the next biennium, and it gives the agency some time to 17 look at creating a process for passing that convenience charge on to the public. So it buys us some time before 18 19 we actually go into that. MR. WALKER: But it was the recommendation of 20 the committee, though, that we pass those charges on at 21 actual cost to the consumer. 22 MS. FLORES: You actually directed us to go and 2.3 24 create a process.

MR. WALKER: So now we're going to delay the

process? 1 2 MS. FLORES: To defer the process. 3 MS. JOHNSON: Are we not already passing those charges along? 4 MR. WALKER: No. We're eating them; that's 5 6 what this \$2 million is. 7 MS. FLORES: We charge about a dollar. Well, 8 convenience fees are running at about two and a quarter, so for every \$100 we're only getting a dollar and it's 9 costing us two and a quarter, so there's a gap that the 10 agency has to absorb. So the direction from the Finance 11 Committee to staff was to look at all credit card charges 12 13 and come up with a process and a plan to pass that charge no to the public. 14 15 MS. RYAN: What is the --16 MR. WALKER: I can answer that before you ask 17 it. MR. VANDERGRIFF: Well, Johnny, you're 18 19 talented. MR. WALKER: The law says we have to pass the 20 21

MR. WALKER: The law says we have to pass the charge along at exactly the amount that is charged to the consumer, we cannot charge one penny more, so if the credit card fee that Chase Bank charges the State of Texas is 2 percent, 2 percent of that charge. The problem in the past has been that the State has come up with a fixed

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charge of \$1 convenience fee for the use of a credit card when you buy an oversize load permit. So on an oversize load permit that costs \$200, if there's a 2 percent fee, it's costing this agency a \$2 fee that goes to a buying company. We had an exception item in our report for the budget meeting that was, I think, \$2 million that we had on there that we were going to pass as an exception item. The committee elected to take and not do that, we said if we're having to eat those credit card charges, we should pass that along at full cost. That means that we have to take and have a program, a computer system match exactly the percentages and we were going to always have to adjust the rates that the credit card companies were charging the agency.

Did I miss your question?

MS. RYAN: Yes.

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MR. WALKER: I'm sorry.

MS. RYAN: But that's okay, I'll use your statement as a base.

MR. WALKER: Okay.

MS. RYAN: If online services are something that the automation project and a longer term vision something this agency would like to see, have the efficiencies in getting to 80 percent online services versus what we have been taken into place to where we may

not want to make that decision to pass it on right now? 1 Is it a short-term win for a long-term loss? Was that taken into consideration? 3 MR. WALKER: She's wanting to pass it on. 4 MS. RYAN: I'm saying we may not want to pass 5 6 it on right now. 7 MR. WALKER: That's what I meant. MS. RYAN: 8 It might be the wise thing to eat it if in the longer term we're trying to encourage more 9 online services. 10 MR. WALKER: And the reason that we didn't want 11 to do that is because that goes to those budget items up 12 13 there and we're trying to keep those numbers down as low as possible, expenditures to the State of Texas. 14 15 when you add that, that's about \$2 million we're adding to 16 our costs of this agency. MS. RYAN: But we didn't want to add it as an 17 exceptional item, it can be taken out of our operating 18 19 budget in other areas. 20 MR. WALKER: It had to be an exception item. MR. INGRAM: We had to move it, we don't have 21 22 the money somewhere else to move it. MS. RYAN: Well, that's what I'm asking: 2.3 24 it be taken out of the operating budget, was it considered

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some other place?

MR. WALKER: It was only an exception item because it was not in our budget in the past so we had to put it to an exception item. And so we took it off of this exception item report, and in order to do that, we had to come up with the funding for that and that's why we were going to pass that along. But now she's picked up 2 million bucks someplace else that she's going to use to cover that.

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MS. RYAN: Voila! Okay. So that answers my question. And then the other question was are we putting those two thought processes together as we make these decisions today, from a committee standpoint? It sounds like the Projects and Operations Committee, as well as the Finance Committee, might want to talk on those areas to make sure we're not making one decision that hinders another. Just thoughts.

MR. INGRAM: Well, certainly it's items that can still be discussed as long as we don't put it back on.

MS. RYAN: I agree.

MR. VANDERGRIFF: At this point I guess it's kind of a no-harm/no-foul because you came up with the money to solve that particular problem, at least for the next couple of years, so we have more time to study and figure out what to do and what to present. So the committees will get this back at some point in the not too

distant future. I encourage you to perhaps keep this on your radar screen so we don't deal with it in 24 months, we talk about it in the next few months while people remember it.

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Mr. Ingram, I don't know, were you thinking you might want to re-prioritize any of those?

MR. INGRAM: Well, no. This is from the committee, so this is up to the board's purview to approve or change or modify.

MR. VANDERGRIFF: Does the board have any concerns about the base request which I understand is probably in line with what would be acceptable to the LBB, and then these exceptional items, do you have any need for discussion on re-prioritizing these? Anyone want to talk about that?

MR. WALKER: The only thing in my mind that we did not discuss in today's meeting that was discussed pretty extensively at the meeting was the exception item number three on transportation. And there was a lot of thought went behind why we were asking for \$469,000 for vehicles. And really that's not all exactly going to be expenditure that we haven't had before because what the agency has been doing is the transportation has been taking place, they have been reimbursing employees to use employees' cars to drive around. It was told to us that

some of these people drive some pretty -- excuse me, employees -- ratty cars that are not representative of the agency that we might want to be driving up to somebody representing the State of Texas. So that's why we were asking for some cars is so that we could get a little cleaner presentation of the agency when we go someplace.

MR. INGRAM: And these are additional vehicles, so this is not replacement of existing vehicles, this is additional vehicles that we really need taking on the Oversize/Overweight, so there's additional need there.

The one vehicle I'm talking about actually was an agency car. It wasn't a personal car, it was an agency car.

(General laughter.)

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MS. RYAN: We might be putting undue burden on the employees, as well, if they have to use their own cars where they may need that car somewhere else.

MR. INGRAM: Certainly. And there's a fallback plan if for some reason this does not get approved by the legislature that may be what we have to do anyway.

MR. RODRIGUEZ: The only question I have, and again, I'm not trying to hold Ms. Brewster to this, but I'm assuming that staff agrees with this is the order of need right now.

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MS. FLORES: Yes, sir.

MR. RODRIGUEZ: Move we approve, Mr. Chairman, 1 the LAR request and exceptional items list, as provided by 2 the committee. 3 MR. WALKER: I'll second that. 4 MR. VANDERGRIFF: We have a motion by Member 5 6 Rodriguez and a second by Member Walker. Do we have any 7 other discussion we'd like to have? 8 (No response.) MR. VANDERGRIFF: All right. All those in 9 favor of the motion please raise your right hand in 10 11 support. (A show of hands.) 12 13 MR. VANDERGRIFF: All those opposed. (No response.) 14 15 MR. VANDERGRIFF: The motion carries 16 unanimously. Thank you. So we have approved items D and 17 E on our agenda, and the next up item we did skip over, but I believe in terms of the internal audit plan, is that 18 19 going to come back to us? The committee had recommended that you review that again because you did some extensive 20 discussion and work on that. 21 22 MR. INGRAM: Yes, sir. We have another meeting on September 5 and hope to have that back very quickly. 2.3 24 MR. VANDERGRIFF: Okay. So we're going to table that item for this agenda and bring that back up in 25

September. 1 So we're on item number F which is the approval 2 3 of the agency web design contract. I know we had extensive discussion on that yesterday. 4 MR. WALKER: I'm confused. Are we going to go 5 to the Projects and Operations Committee report? 6 7 MR. VANDERGRIFF: I apologize, Mr. Walker, I 8 overlooked you, and I can't believe I did that. 9 please. 10 MR. WALKER: That's okay, but I mean, that was part of my report. 11 MR. VANDERGRIFF: That's correct. Mr. Kuntz 12 13 can sit and wait for a second. Mr. Walker, I apologize. I had turned the page on my agenda. 14 15 MR. WALKER: I thought you were trying to get rid of me. 16 17 MR. VANDERGRIFF: Absolutely not. (General laughter.) 18 19 MR. WALKER: My name is Johnny Walker. chairman of the Projects and Operations Committee. 20 21

We met yesterday. We had a robust meeting with attendance of all of our members, and even our newest member, Mr. Barnwell, was there also and will be now on the committee. We went over all of the Projects and Operations things that were going on today.

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Let me just go ahead and start here, Linda kind of touched on one of them right here was the contract with the Department of Criminal Justice on the license plates. We reviewed the contract. It is the recommendation of the committee that we enter into the existing contract with the Department of Criminal Justice that is mandated by statute. The Texas Department of Criminal Justice has increased the amount of that contract by roughly \$4 million which Ms. Flores just spoke about right here, and that is a 22.8 percent increase. The reason there is an increase is not due to the cost increase in the plates, the cost increase on the plates is .001 percent increase in the cost and that's due to the materials that they have to buy, but the 22.8 percent increase in the cost of the contract is due to the higher volume of plates that the State of Texas is selling today.

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So we will need an approval by the board, I guess we can go ahead and do that right now, in order to authorize the executive director to sign a contract with the Department of Criminal Justice for the next year.

MR. RODRIGUEZ: So moved, Mr. Chairman.

MR. RUSH: Second.

MR. VANDERGRIFF: We have a motion from Member Rodriguez and a second from Member Rush. Do we have any discussion on this item?

(No response.)

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MR. VANDERGRIFF: Please raise your right hand in support of the motion.

(A show of hands.)

MR. VANDERGRIFF: The motion carries unanimously.

MR. WALKER: The next item on the agenda is that the committee looked over the memorandum of understanding, which is the MOU between the two agencies, which is the predecessor agency, Texas Department of Transportation, and the Department of Motor Vehicles.

It is the ongoing agreement that we have had since the inception of this agency to operate between the two parties as to how we play the game, as to what expenses will be covered by either side, what shared information we would provide to each other.

There's not much change in this MOU from the MOUs that we've had in the past. We would like to continue to go forward with this. I think there's actually a few number changes was my understanding but that the actual verbiage in the contract has not changed from the past MOU that we had last year. And so I need the authority of the board here to authorize the executive director, Ms. Brewster here, to enter into a contract with the Department of Transportation with the approval of the

1	chairman.
2	MS. JOHNSON: I so move.
3	MR. RUSH: Second.
4	MR. VANDERGRIFF: We have a motion from Board
5	Member Johnson and a second, there was a kind of a tie.
6	MR. WALKER: I think you have the wording, do
7	you not, Cheryl?
8	MS. JOHNSON: I move to authorize the agency's
9	executive director, or her designee, to negotiate and
10	finalize the Fiscal Year 2013 MOU between the TxDMV and
11	TxDOT by making the necessary changes that are in the best
12	interest of the agency. I also move to authorize the
13	agency's executive director to execute, with the advice
14	and consent of the board chairman, the MOU, as well as any
15	amendments to the MOU.
16	MR. INGRAM: Is this item H, as well, on the
17	agenda?
18	MR. VANDERGRIFF: This is item H, yes.
19	Do we have a second to that motion?
20	MR. RUSH: Second.
21	MR. VANDERGRIFF: We have a second from Mr.
22	Rush.
23	I want to be sure and back up on one thing, and
24	the executive director has noted this as well. This is a
25	pretty significant departure from the previous MOU, so I

do think, to be clear and we're kind of in a discussion phase on a motion, but I think you might ought to give just a little bit of understanding to the entire board on that, if you don't mind.

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MS. HEIKKILA: For the record, Mr. Chairman, members, my name is Dawn Heikkila. I'm the chief operating officer for the Texas Department of Motor Vehicles.

The departure from 2012 to 2013 that the chairman is referring to has to do with the progress that the agency has made in our evolution to become an independent agency. The focus of the 2013 MOU is looking specifically to identify and define the types of support that we need going forward, primarily technology support as we separate our infrastructure and our assets and our network and migrate to the Data Center, as well as facilities support.

One of the exceptional items that was mentioned in Linda's presentation for the LAR was the facilities, to pay for utilities, janitorial services, security, building and grounds maintenance. The proposal that we used to create the exceptional funding request was based on historical expenditures we received from TxDOT, and so the focus is really on supporting the agency, working collaboratively between the two agencies, and collectively

with TxDOT to help the agency continue its transition. 1 The goal is to have the agency off the TxDOT network and 3 running on its own independent network by the end of 2013. MR. INGRAM: What are the dollars that we're 4 talking about between last year's MOU and this year's? 5 6 MS. HEIKKILA: The 2012 MOU was capped at a not to exceed amount of \$5 million. We're proposing an 7 8 estimated \$3 million for 2013. That has primarily to do 9 with the migration to the Data Center as an independent agency. We have a Data Center contract, I don't believe 10 11 Mr. Walker has discussed that yet. 12 MR. WALKER: No. We can go ahead and discuss that. 13 MR. VANDERGRIFF: Well, we have this item up 14 15 first. 16 MS. HEIKKILA: As we separate our technology assets from TxDOT and transition them into the Data 17 Center, then the agency will pay the Data Center directly 18 19 through an interagency contract or agreement that Mr. Walker is going to speak of here shortly. As we do that, 20 the amounts that we're paying to TxDOT for those same 21

One of the things that we're focusing on for

services, based on resource units which is a consumption-

based costing structure that the Data Center has in place,

the costs that we pay TxDOT will decrease.

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the 2013 memorandum of understanding is working very closely together when those Data Center billings come through that we're comparing the invoices to make sure, as we transition these resources off or the assets off of one agency on to the other, that the proper agency is being billed and there's no duplicative billing.

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MR. RODRIGUEZ: I have a question. Do we have any idea about whether TxDOT is likely or not likely to --we're asking authority to negotiate here and that's the motion that I think has been put forth -- do we have any idea, is this going to be like we're ready to go, or are we going to have a hard time?

MS. HEIKKILA: We've worked directly with the divisions that are providing us support, so as we work to define and put some parameters on what the support is going to look like, we already are seeking the buy-in of TxDOT, so the negotiations with regard to the type of support we're getting, are going really well.

What we're hoping is that we can finish defining everything, include it as an amendment or an addendum to the MOU for 2013, is also a listing of the separation projects. Those are included in your technology update as well, but it lists out what the projects are, it defines the projects, there's an order of operation to which projects need to happen first, as well

as the roles and responsibilities for each agency to make 1 2 sure that the project can be successfully executed. 3 that's a major step in terms of cooperation and collaboration between the two agencies, a very different 4 flavor from '12. 5 6 MR. RODRIGUEZ: Our current MOU expires? MS. HEIKKILA: It expires August 31. 7 MR. RODRIGUEZ: And the progress, and 8 9 therefore, the departure that we are proposing to take, is staff ready for this, you guys are ready for this? 10 MS. HEIKKILA: We believe we are and we believe 11 12 that we'll have an agreement ready to be executed by or 13 before August 31 of this year. In the event that we can't meet that deadline for whatever reason, the DMV will ask 14 15 TxDOT to extend the existing MOU so that there's no break 16 in the continuity of service. 17 MR. RODRIGUEZ: I mean, I think that's a caveat we need to provide for. I mean, we have an idea as to 18 19 where we want to go but it could happen that we don't get there. 20 MS. HEIKKILA: That's true. 21 MR. INGRAM: Is the motion on the floor to just 22

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MR. WALKER: The motion should be to give

approve the negotiations or to approve the MOU?

authority to the executive director to enter into a

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contract between the two agencies with the approval of the 1 chairman of the board. 3 MR. VANDERGRIFF: And for the record, this has been a similar motion that has been approved the previous 4 two MOUs -- three MOUs. The first one was a little 5 6 different, but the previous two. 7 MR. INGRAM: We put a cap dollar on it, I 8 believe. MS. HEIKKILA: The actual phrasing of the MOU 9 for that particular section says the maximum amount 10 payable shall not exceed the negotiated amount. It's 11 12 structured exactly like last year. 13 MS. RYAN: But we have no idea what the shall not exceed will be yet. 14 15 MR. WALKER: It's \$3-1/2 million, wasn't it? 16 MS. HEIKKILA: We're estimating about \$3-1/2 million which is a reduction. 17 MS. JOHNSON: But if we fall back to the 18 19 original, it will be a \$5 million cap at the worst case scenario. 20 MS. HEIKKILA: Correct, only until we can get 21 the 2013 executed. 22 MS. JOHNSON: Exactly. 2.3 24 MR. WALKER: And the reason that the contract 25 level went down, the numbers changed was due to the fact

that the agency in our budget is anticipating us covering 1 our own costs of our Data Center costs. 2 3 MR. VANDERGRIFF: But understand, too, that some of that is a natural evolution in that instead of 4 TxDOT getting the funding and providing us the services, 5 6 we're getting the funding. 7 MR. WALKER: It's a zero effect to the State of 8 Texas, it's just taking the money that instead of our money being spent by them, we're covering our costs and 9 moving it with us so that each agency sits independent on 10 its own. Eventually we'll all be on our own, and maybe 11 with this building deal, I'm sure there's still some 12 13 technical areas, but once we get this transition into the Data Center and stuff like that, we'll be able to cut that 14 15 umbilical cord between the two agencies. And we're going 16 to talk about also, in just a minute, about the building 17 consolidation going forward where we're going to be in our own building also. 18 19 MR. VANDERGRIFF: Any other questions? 20 (No response.) MR. VANDERGRIFF: We have a motion and a 21 second. 22 MR. WALKER: Who seconded? 2.3 24 MR. RUSH: I did.

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MR. VANDERGRIFF: I thought Mr. Rush did.

25

MR. WALKER: I didn't hear. 1 2 MR. VANDERGRIFF: All those in support of the 3 motion please raise your right hand. (A show of hands.) 4 MR. VANDERGRIFF: All those opposed. 5 6 (No response.) MR. VANDERGRIFF: The motion carries 7 8 unanimously. Mr. Walker. 9 10 MR. WALKER: Where am I? The MOU, Data Center contract. We need still the Data Center contract. 11 that correct? 12 13 MS. HEIKKILA: Yes, sir. MR. VANDERGRIFF: For those in the audience and 14 15 on the board, and Ms. Brewster can comment as well, we've 16 already approved the first bullet point under 6.B, which 17 is the Texas Department of Criminal Justice contract, and I think we're starting to talk on the Department of 18 19 Information Resources contract, which is the second bullet point. Mr. Walker. 20 I guess I'd just like to move to 21 MR. WALKER: 22 approve on the Data Center. I'm trying to ask that we get authority from the board to get a contract with the Data 2.3 24 Center to get our accounting done over there. How do we

need to do that, Dawn?

25

MR. VANDERGRIFF: I would prefer for us to know what we're voting on, so you might give us a little bit of presentation.

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MS. HEIKKILA: The item that we have before you today with the Data Center, it's an interagency contract with the Texas Department of Information Resources for Data Center services. State agencies are mandated by Chapter 2054 of the Texas Government Code, specifically Section 2054.386(b), which requires each state agency to receive services or have operations performed through a statewide technology center and are required to enter into an interagency contract with the Department of Information Resources.

This is the Data Center that you've heard me talk about where all of our technology assets will eventually reside. We currently have a combination of independent and shared assets in the Data Center. The shared assets are the ones we still continue to receive services from the Data Center through TxDOT's agreement with the Data Center.

The proposed contract, we sat down and worked with the Data Center services providers and the DIR staff, they have a series of worksheets that you work through to quantify, it's kind of a menu, if you will, to decide what types of services you need, how many servers, what types

of servers, what level, how much mainframe usage you think you're going to need, what your usage for internet is going to be, printing, there's a whole laundry list of services that agencies are required to receive through the Data Center.

Working through that spreadsheet, based on what we now understand having gone through the ILAAP, having gone through the business process analysis -- the ILAAP was the infrastructure legacy application analysis project, that was to map all of the connectivity points to the TxDOT network, all of our applications and servers and the instance of those servers so we could understand what the universe that needed to be transformed was -- based on that information, we believe that the contract has a not to exceed value of \$4,348,966.12.

MR. RODRIGUEZ: Question. I'm sorry. Go ahead.

MS. HEIKKILA: The appropriation, we have a capital line item that is appropriated to the agency specifically to pay for these services. That capital line item for 2013 is appropriated at \$3,755,514. There is a difference of \$593,000 and some change. The difference to make up the total cost of the not to exceed amount for the Data Center is going to come out of Administrative Services operating budget. That was included when we

allocated our operating budget. We took that into consideration knowing that the service levels we were going to need were going to exceed what we had been appropriated.

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To provide a little bit of context for how those appropriated numbers came to be for '12 and '13, they were based on an estimate by the legacy organization at the time that they understood what our service needs were going to be. That was before we kind of defined where the agency was going and how we were going to provide our services and the level of services we were going to provide to our customers. So that's one of the drivers that's caused the necessity for the exceptional item in the LAR for 2014 and 2015 to increase funding availability for the Data Center services. That's that \$2.4 million exceptional item for the biennium.

MR. WALKER: I think we got the cart before the horse when we did the financing before we did the budget, because actually, we just approved all the funding for this DIR in the budget before we did the approval. That's kind of how I got a little confused because I'm thinking we just already did that.

MR. INGRAM: Do we need a separate motion to approve this?

MR. WALKER: That's my question. We've already

1	approved it through the budget, so do we still need a
2	motion again?
3	MS. HEIKKILA: The funding is not the issue,
4	it's the execution of the agreement.
5	MR. VANDERGRIFF: So it is a separate
6	consideration.
7	MS. HEIKKILA: We're seeking authority for you
8	to direct the agency executive director to execute the
9	contract with the Department of Information Resources for
10	Data Center services.
11	MR. RODRIGUEZ: The only question I have is the
12	Data Center agreement we have now is through TxDOT?
13	MS. HEIKKILA: That's correct.
14	MR. RODRIGUEZ: This will be our first one
15	direct?
16	MS. HEIKKILA: Correct.
17	MR. RODRIGUEZ: So move, Mr. Chair.
18	MR. VANDERGRIFF: Do we have a second to the
19	motion?
20	MS. RYAN: I'll second that.
21	MR. VANDERGRIFF: Second from Vice Chair Ryan,
22	motion from Board Member Rodriguez. Any further
23	discussion?
24	(No response.)
25	MR. VANDERGRIFF: Just the last item, and I

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1	want to echo a sentiment that Board Member Rodriguez
2	brought up which is continuing the evolution of the agency
3	to being a truly independent, stand up on its own agency,
4	and so a lot of these are just making us in charge for the
5	first time.
6	MR. WALKER: Is the motion to authorize staff
7	to go forward, or is the motion to enter into a contract?
8	What is the motion?
9	MR. INGRAM: Enter into a contract.
10	MR. WALKER: But we have not seen a contract,
11	though. Is that not correct?
12	MS. HEIKKILA: Yes, you have seen the contract.
13	MR. WALKER: We have seen this contract?
14	MS. HEIKKILA: We talked about the contract
15	yesterday, and there's a copy in your Projects and
16	Operations Committee book, and I believe we have asked you
17	to authorize the executive director.
18	MR. WALKER: I'm okay.
19	MR. RODRIGUEZ: So is it vote time?
20	MR. VANDERGRIFF: We're about to vote. Any
21	more questions or discussion?
22	(No response.)
23	MR. VANDERGRIFF: All right. Please raise your
24	right hand in support of the motion.
25	(A show of hands.)

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MR. VANDERGRIFF: The motion carries unanimously.

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MR. WALKER: The next thing that the committee talked about was the web design project, and I think there's probably a tab also in the book on the web design.

Is that correct also?

MR. VANDERGRIFF: Yes.

MR. WALKER: If I could get Mr. Kuntz to come forward and brief us on this.

MR. KUNTZ: I believe that Motor Carrier was going to do their presentation first. Their computer was set up and we were going to switch them up afterward and take that afterward.

MR. VANDERGRIFF: All right. Motor Carrier is item J on the agenda, and I apologize again to everybody for kind of jumping back and forth on this agenda more than usual, but since it is teed up, we'll go ahead and keep it teed up.

We do have several of the leaders of the Motor Carrier Division here. If you recall, at the last board meeting we celebrated the success of the Motor Vehicle operations in the licensing end of our business, and we need the same kind of briefing of the great successes we've had in the Motor Carrier and a chance to celebrate a little bit with them. So with that, I believe we do have

several members. I see Ginny is in the back and may be first up. Carol Davis and John Poole and several of your staff.

2.3

MS. BOOTON: Good morning. For the record, I'm Ginny Booton, and I'm the interim division director for the Motor Carrier Division. And it's only been a short month that I've been the interim director, and in this time I have come to find that this industry that we serve is quite remarkable and there's a lot to it.

As Chairman Vandergriff said, the section directors are here today to tell you just what it is that's going on in the Motor Carrier Division and what's on the horizon there. I think you're going to enjoy this, and what I really want to start off with is saying it's been a pleasure to get to know them and I want to take a moment to say this is an award-winning group. Every program that they have, the credentialing, the permitting, and the IRP fleet commercial program are all award-winning programs. I think that's something we should all be really proud of.

I hope you're going to enjoy this, I think you'll learn a lot, and I'll turn it over to Jean Bohuslav who is the business services director. She's the foundation for the division, so she provides the support that all the programs need to help keep them going. So

Jean, I'll turn it over to you.

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MS. BOHUSLAV: Thank you, Ginny.

For the record, my name is Jean Bohuslav. I'm the manager for the Business Services Section of the division. I'm just going to give you a quick overview of the division as a whole, and then I'm going to talk about the Business Services Section that I manage.

Overall, the Motor Carrier Division, it's our mission to provide customer focused services and products to our customers, the motor carrier industry. We are allocated 132 FTEs and we have an \$8 million operating budget and bring in more than \$230 million annually in fees from customers.

The division is broken up into four sections.

I manage business services and so you know, business services and credentialing and oversize/overweight permits were together under TxDOT before credentialing moved out, so we're kind of regrouping and coming back together as one big happy Motor Carrier family, and we have a new member of the family, John, in commercial fleet services.

So the Business Services Section, basically we're the support section for the division. We have ten FTEs and we're broken out into two branches: program and project management and then our information resources, or IT support. These are some of the services that we

provide to the division, and also act as a liaison to the rest of the agency in different overall functions such as purchasing and budgeting.

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I just want to draw your attention to a couple of the items listed here. The technical and automation support, that's not just desktop support, our information resources manager, Lois Johnson, has been heavily involved in the implementation of TxPROS which Carol is going to talk about in just a minute, but she provides project management oversight for that project, as well as IT expertise. And in addition, her staff manages our call center. We're unique in the agency in that we have our own 800 number for our customers for size and weight permitting, and the equipment is managed at our location on Bull Creek. We receive thousands of phone calls every single month and all of those phone calls are recorded and records are retained for three years, so it's quite an effort to do that.

And then also we provide customer outreach. We recently conducted a customer satisfaction survey for TxPROS, nine months after its launch since last summer, and in your packet there was a one-page summary of the customer results. But bottom line, 96 percent of our customers believe that TxPROS is beneficial to their business, so we're really excited about that.

Looking forward, here are some of our higher profile projects. I want to talk about the DMV-TxDOT interagency agreement. As you know, the permitting program and business services transferred over to the DMV in January, but our work with TxDOT did not end there. We work with them on a daily basis, getting road restriction data and feeding that into our TxPROS system so that all of our permits are safely routed. So BSS is going to serving as point to make sure that both agencies are fulfilling their roles and responsibilities to ensure that there's seamless service for our motor carrier customers, and both agencies are committed to making that happen.

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And then finally, the last bullet on there is grant management. The division oversees two grants. One is PRISM, and John is going to talk about that in just a minute, but the second one is CVISN and CVISN is a program that's sponsored by the Federal Motor Carrier Safety Administration, or FMCSA, and the state gets a million dollar federal grant from FMCSA and then that's matched by a million dollars in state funding. You've addressed that in your exceptional items. And BSS serves as grant manager for those.

So I'm going to turn it over to Angel who is going to talk about credentialing.

MS. OLIVER: Thank you, Jean.

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For the record, my name is Angel Oliver, and I am the director of the Credentialing Section of the division. We're a small group with only ten FTEs so we're all within one branch. As small as we are, we are responsible for administering two programs, one at the state level and one at the federal level. The state program that we administer is the Intrastate Operating Authority Program. That is what you guys probably see on the side of the roadways for the big trucks that have the long ten-digit number that ends with a C. Those are the numbers that we issue for those carriers. We issue that operating authority for carriers that do intrastate operations -- in other words, all their operations are within the State of Texas. They pick up a load in Austin and go to Amarillo, they never leave the State of Texas. We issue that authority to motor carriers that exceed 26,000 pounds, we issue it to passenger carriers that carry more than 15 passengers, for carriers that carry hazardous waste that requires placarding by the federal government, and to household goods carriers or moving companies.

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The other program that we administer within credentialing is the national program, the Unified Carrier Registration System, and that is for the Texas-based carriers whose operations are based in Texas but they do

interstate -- in other words, they start in Texas and they leave the State of Texas. That is a federal program that we administer within the section. And then one of our ancillary duties is to respond to motor carriers and law enforcement inquiries.

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To manage the Intrastate Operating Authority, we use the Motor Carrier Credentialing System. That's a custom-built system that we built back in 2004. It was the first in the nation web-based application for operating authority. We built it to address the backlog that we had been experiencing for quite some time within the division. At the time that we went to through the process of building a program, we had hoped to have about a 25 percent usage by our carriers. We felt like with at least 25 percent of our carriers using the system, we would decrease our backlog significantly. But by 2005 our expectations had been exceeded and we had about a 40 percent usage by carriers, by 2007 it had gone up to 70 percent, and since 2008 we've got about 90 percent of our carriers that utilize the system.

And what the system allows a carrier to do is manage their own certificate. The certificate is initially issued within our office and after that the carrier can go in and manage their own certificate to include renewing and re-registration, adding and deleting

vehicles, paying fees. They're totally self-managed after that point. One of the other main characteristics within the MCCS is that it allows insurance companies to electronically file the required insurance levels for each carrier which is a huge time saver for us as well.

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And I do want to point out that although the system is eight years old at this time, it's still considered a premier system among other DMVs and DOTs throughout the nation. And once finally implemented, we were able to decrease the turnaround time for credentials from 31 days to about two days at this point.

The other system that we use is the Federal Unified Carrier Registration System which is the system that's hosted by the State of Indiana. Just some numbers for you to look at. We have about 41,000 active certificates right now within our system. There's a breakdown for you. Obviously, buses, moving companies and hazardous materials are obvious what those are, and the other one is everything else, those are the sand and gravel haulers, the construction equipment, everything else that you might see on the road, and they're a total of about 320,000 vehicles within the system.

And other stats, just some of the annual totals for us. I do need to call attention under the fees collected for UCR, we do, in fact, collect about \$8

million within that system, however, Texas only keeps about \$2.7 million of that and then the rest of those fees are distributed to the other participating states.

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Some of the projects that we have going on right now within our section is we're awaiting approval from the Federal Motor Carrier Safety Administration to certify our own UCR system. That's the system that we use from Indiana right now, but we do believe that given the opportunity to build our own system, we'll have the same kind of successes that we realized with building the motor carrier credentialing system. And then the other is to launch a registration help tool to help the carriers through the registration process, and that would be launched off of our MCD web page.

And then finally, as Ginny mentioned, the system did win some awards. We were part of TxDOT at the time that MCCS was launched, so we did win the 2005

Journey Towards Excellence Award and the nation award that we were the recipient of was the AASHTO Exemplary Partner Award.

And that's all I have right now, so I'll turn it over to Carol now.

MS. DAVIS: Thank you, Angel.

Good morning. For the record, my name is Carol Davis, and I'm with the Oversize/Overweight Permitting

Section of the Motor Carrier Division.

2.3

Just to give you a brief overview, I know I'm going to throw a lot of facts and figures at you today, so if you could keep three things in mind as we go through this presentation. The first is that demand is at an all-time high, the second is that we have a new system with significant benefits to our customers and to our organization, and then third, our new system and our alignment with the Motor Carrier program in the DMV uniquely poises us to move forward and to make additional improvements in the future.

So this is our org chart in the permit section. We have 88 FTEs, and the one thing I wanted to point out that makes us unique in the production areas is over on the left-hand side under Melissa Bennett, you can see that we have a total performance management office, and what that group does is helps us ensure that our employees are meeting their performance standards, because we do have production and quality performance standards, and then also, they're analyzing TxPROS, they're critiquing TxPROS routes just as if TxPROS were a permit officer, and then they're also helping us try to get our arms around all this new data, all this new business intelligence that we've never had before that we are now getting from TxPROS. We are an area that's in significant transition,

and I just wanted to point out that we have some people to help us moving forward.

So just to give you some background. Why would somebody need an oversize/overweight permit. In general, you need a permit if you exceed these federal legal limits, and in general, our permits are for loads that can't be divided into smaller loads, so something like a large piece of construction equipment versus a big box of wrenches that could be divided into two trucks and make it a legal size load.

One component of permitting that is very essential is to ensure that we are routing those loads safely, that is, you don't want to be hitting bridges, you want to be protecting the safety of the traveling public, you want to protect these loads that we're transporting which are sometimes worth millions of dollars, as well as the transportation infrastructure.

Twenty-seven different types of permits. Those fees range from \$10 to \$4,000. The distribution of those fees between Highway and GR is set in statute, and about 73 percent of those fees go to the Highway Fund.

So products and services, obviously we issue permits, temporary vehicle registrations, routing, coordinate with TxDOT for routing approvals, bridge and pavement analysis for super load kind of projects, operate

an extensive help desk, provide extensive training to our customers, and also partner with industry and law enforcement and government.

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One thing I want to point out about what we do is the quality and efficiencies of our services don't just impact the State of Texas. Texas is the number one export state, 17 percent of all U.S. exports go through Texas, so if we're tying somebody up at the port or we're tying somebody up at the border because we're not offering our services efficiently, we're not just impacting our state, we're impacting the wide-ranging impacts that cross the U.S. So that is one of the foremost thing in our mind when we're looking at our services.

The other thing I wanted to point out when I was talking about route approvals and restrictions, at any time we're managing about 10,000 restrictions on the Texas highway system which are impediments/obstacles to travel for these large loads.

So what kind of industries do we serve?

Obviously this changes over time. This is information that we used to have to produce manually and gather manually, analyze manually. This is first nine months of TxPROS operation and the numbers say 39 percent of our business in the nine months of 2012 were related to the oil and gas industry, number two is 25 percent

construction industry. Like I said, this changes over time. Five years ago our number one and two were manufactured homes and the construction industry. So depending on what's going in the economy affects our customer base, and so we need to be looking at this kind of information and trends over time so that we can develop customer service programs that are targeted at our specific customers.

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A little bit about TxPROS, I know you have all probably heard of it, just kind of an overview. TxPROS is is end to end a permit processing system, from beginning to end it provides permitting and routing functionality which is something that no other state is doing to has done in the past. It includes reporting, financials, tracking, customer dashboards so that they can self-serve and track their own accounts and manage their own financials and their own users. It also on our side provides real-time dashboards so that we can dynamically manage our workload, depending on what's happening, is this queue going up, is this call volume going up, so we can move people around dynamically and we can see that right there. It's been a great tool for us. Again, we're just nine months into this series of rolling launches and we're already seeing some significant benefits.

As somebody mentioned, Jean mentioned the

customer service survey. Nine months into this project,
96 percent of our customers say that it's beneficial to
their business, and I think the reason for that is our
customers were included from ground zero on this project.

They were there when we were designing the project, they
were there when we trying to figure out what it should do,
what kind of features it needed, the look, the feel, the
testing of prototypes, testing of mapping, all the way
into the full launch. So I think that's one of the
reasons that it's been so successful is they were our true
partners at the table.

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So what kind of volume do we do? As I said earlier, demand for our services is on an upswing this year, it's at an all-time high. You'll notice '09 and '10 our demand was down a little bit, but if you go back over pre 2008, you can see even these numbers, the 580,000 in '08 which was a record-breaking year, 590,000 in FY '11 which was another record-breaking year, and you need to remember we did that all manually. I should have brought a permit map. Our employees routed all those permits by hand using paper maps across the state.

Again, 2012 we're projected to hit over 700,000 permits, we've never hit 600,000 before, and that wouldn't have been possible, unless you guys would have given me 100 more people or something, that would not have been

possible without implementing TxPROS.

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Fees collected, last year was \$113 million, this year, just from the first ten months of FY '12 is about \$120 million, and that doesn't include July and August numbers, so again, far exceeding anything we've ever done before.

So kind of what does all this mean. I know there's a lot going on in this chart but this is the kind of data that we're kind of having to wrap our heads around. One thing it's showing you is that about 57 percent of our permits are customer self-issued and that has been 50 percent from day one which is pretty amazing, 80 percent of our customers are using our online services. TxPROS has allowed us to normalize our operations instead of being on fire every single day from the minute you walk in the door. We are now able to use our staff resources in the way that they were intended to do other jobs besides issuing permits, like quality control, like data management, like performance management. But as you can also see, the large numbers of permits per day has remained pretty constant, even though we've had that huge influx of demand.

Another way to look at this is you can see that our telephone calls, because of our demand, have gone up 36 percent over last year, as you can see on the chart on

the left. The chart on the right shows you our average hold time in minutes, FY '12 is the green, so even though our telephone calls have gone up 36 percent, our hold time has gone down increasingly for each quarter and is now at about five minutes versus 14 minutes last year.

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So where do we go from here? First, obviously, is we need to close out the TxPROS project which we'll be doing this month. Our contract on that project also is we have a maintenance and services contract which provides us a thousand dollars a year of enhancements, and then we also have a hosting contract for that that has a waiver from the Statewide Data Center.

Data analysis. How do we wrap our head around all of this data? What does it mean? How do we leverage it to improve our operations in the future? Again, reviewing business landscape and industry trends for some of this data we're getting, and then looking at how we use our staff and how we can realign those to better meet our customers' needs and increase our customer outreach and really target. Right now we know that 60 percent of our customers are self-issuing, we want to know how many eligible customers are self-issuing, and we don't really have that data yet but once we have that data, then we can target those customers to increase those numbers for self-issuance.

That's all I have for right now unless you have any questions. Oh, wait, I forgot one. We've won some awards over the past several months. This is kind of awards season. You'll notice awards for Best Application Serving the Public, as well as Technology Use Innovation, and there's another one coming up next month which is a Quality Management award. So on all fronts, TxPROS is pretty much sweeping the field across the nation right now. We're very proud of that.

2.3

But I think the really important take-away on this is that through the experience that we've gained in developing systems like the Motor Carrier Credentialing System and other projects in the past, we've been able to leverage that experience to develop projects like TxPROS and we have developed some really deep skill sets that we can leverage to help the DMV in its efforts moving forward to where they want to be.

So with that, I will turn it over to John Poole.

MR. POOLE: Thank you, appreciate it.

Good morning. For the record, my name is John Poole, and I'm the director for the Commercial Fleet Services Section.

In this section you'll see Jodi Stearns is responsible for compliance, she's also responsible for our

outreach training that we partner with TMTA. We go out and ensure that our carriers understand what all the compliance requirements are for keeping records in IRP. She's also the subject matter expert for the heavy daily use tax program that we have.

2.3

Kyle Yandell is responsible of the IRP technical and policy support that goes out to our carriers and the regional service centers. He's also the PRISM subject matter expert for our section.

Betty Wachsmann is the commercial fleet accounts manager. This is a new program that we have, it's the first of its kind program, and she's basically an ombudsman for the motor carriers, and her job is to help our carriers, our customers negotiate through red tape that we have in the state. She's also the subject matter expert for electronic onboard recording devices.

Some people are too young to remember the license plate game that we used to play when you're driving down the highway, you see a great big old truck and trailer with all the different licenses, and carriers of our state used to have to go to each one of those states that you had a plate for to register their fleet there, and they would have to pay the full fee for the states. What the IRP program did was kind of develop what we call the one-state-one-plate concept in that our

carriers go to just one state or one office, in our case

Texas, and we, in essence, will collect the fees on a

proportional basis and issue those fees or send them out

to the various jurisdictions that they are registered for.

The most important thing is that they don't have to pay

the full fee for each one of the states that they operate

in, and they don't have to have contacts in order to

operate their company.

2.3

IRP is also a member organization. We have 59 jurisdictions in it, including Texas. We have two provinces in Canada and that's why we call it jurisdictions instead of states because they get kind of nervous when we talk about them being states, they think we're going to take them over. But that's one of the things that really is good about IRP is that we do get to know each other, we do get to work with each other, and that's to the benefit of our carriers. For instance, if we have a carrier that is in New York that gets in trouble, they're able to call us and we're able to work with New York to resolve that issue for them.

We also have a carrier outreach program, or the administrative outreach program, training program, and that's a partnership we have with TMTA. As I mentioned earlier, what we do is we work with individual companies and their staffs in order to help them with their issues

with compliance, we talk about their business processes, and then we try to help them by giving them information that will allow them to make decisions that affect their bottom line.

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PRISM is a cooperative effort with the FMCSA,
DPS and DMV. What that does is it ties the carrier's
safety record to the credential. In other words, if a
carrier out there is unsafe and has been determined to be
unsafe, we can deny, revoke or suspend the registration of
that carrier until they come into compliance with the
safety requirements of FMCSA. So that's very, very
important when you look at the safety requirements and
keeping our highways safe.

The heavy daily use tax program, even though we don't collect the fees for that, our compliance with that program results in over \$400 million that's given to the State of Texas in highway improvement funds, so it's very, very important for us to maintain the compliance to that program and making sure that our carriers are paying that tax.

I just want to point out a few numbers to you, the most important which is the percentage we have of carriers that go online to Texas IRP to renew and conduct their business with bringing vehicles into the fleet, taking vehicles out. When we put this program, the CVISN

program together for Texas, the standard was to have at least 5 percent per year with a goal of 20 percent, and as you can see, we've exceeded that goal. We average and have averaged nearly 50 percent each month of online registrations for our registrants.

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Another number I want to point your attention to there is the 3.3 billion miles that our carriers travel, and I'm only talking about Texas-based carriers that are registered in our IRP system that travel on Texas highways. We're not talking about all the other carriers in IRP that travel through Texas. I kind of tell people, you know, if a trucker dies in New York and wants to find a way to heaven, he has to get through Texas to get there. So most of the carriers travel through Texas in our jurisdictions, so you can imagine how many carriers are going through our state.

This slide right here is my favorite slide because it shows us what we have in front of us. This is a yarn diagram, and what we did was when we were trying to put together the CVISN program for the State of Texas, what we did was we looked at every agency that carriers had to go through and all the processes and requirements that they have to have in order to operate in the State of Texas, and when you look at this diagram, you step back and wonder why would I want to open up a trucking company

in the State of Texas. It's overwhelming, and our goal right now is to cut as many of those threads as we can, not just in our own department but also work with our partners at DPS and the Comptroller to make sure that we reduce the number of contacts. But this is the way our truckers see government in the State of Texas and it's pretty overwhelming. And I point out there we have market-based solutions, and that's kind of what we're trying to move towards right now in DMV.

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Some of the projects that we have right now that are going to help us get there is the Fleet Plus. In it we have such projects as self-issuance of plates which would help us be a truly 24-7 operation and one-stop shop where the carriers are able to go online, they'll be able to make payment, and when they meet the requirements that we're working on also, they'll be able not only to print out their own cab card and that plate online and be able to issue that plate so that truck can get on the road.

I talked about the outreach program, and the re-branding effort is very, very important too. And you'll hear later on with Jeremiah talking about our web page and the things that we want to do there and re-branding our system. Right now Texas IRP is a fleet management system, but we not only have IRP accounts in there, we have token trailer accounts, we have multi-year

fleet registration accounts, we have rental vehicles in there, so it's a lot of accounts that we have in there, and what we want to do is make sure that we go in and we clean it up so the carriers are able to get in there and find the page they're looking for and be able to conduct their business.

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As you can see, Texas IRP is also an award-winning program, and we're proud of that but we don't rest on our laurels. We have award-winning programs, we have award-winning staffs, this is a very, very exciting time in MCD because we have an opportunity now, we're going to get a new leader, and we've been able to move forward on quite a bit of the activities and initiatives that we have. And having award-winning programs and putting these things up is kind of like a computer when you go into Best Buy and buy a computer and you bring it home, you break it out of the box, you put it on the table, you look at the TV and the next thing you know, there's a better, stronger model out there. We're aware of that and we want to make sure that we stay ahead of it and we work with our industry partners to improve our processes.

We do have a lot of work to do because if you look at it, you have, for instance, Virginia, Indiana are well ahead of us. And we also have, as we speak, carriers right now are going through the ports out of Texas and

they have many plates on them, and what we want to do is try to reduce that and make it work. And one last thing I wanted to say to you is that we went to UPS in Dallas and we tried to talk with them and tried to figure out what is we can do to reduce the footprint of Texas of the regulatory requirements we have because we believe in Motor Carrier that you really can't pursue a regulated industry unless you know how they operate, and one of the first things they did was this lady sitting across from me held out a plate like this and showed it to me, and they had an Oklahoma plate -- which is an embarrassment and an insult to begin with, but we won't go that way -- but she held this plate up and she said, It takes me two hours to put this plate on a truck. And then she held up a Texas plate and said, It takes me three to four weeks to get the same plate on our trucks. embarrassing, and that's the kind of thing that we need to work on to make sure that we improve our processes and not so much be like Oklahoma but to lead Oklahoma and understand what it is we're doing.

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MR. VANDERGRIFF: John, I hate to interrupt you for a second, but can I ask a question here because I've seen and heard of several discussions with this. Where are we in really making that happen to get these plates out faster? We talked about a few things, I recall, from

the industry's perspective, like, for example, in the franchise dealer world or in the independent dealer world when a customer buys a vehicle, they can get a temporary tag and be on the road, but with a truck it takes quite a bit longer getting that through the process, and some of that is just doing the paperwork. So where are we on some of the things like that?

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MR. POOLE: Right now, sir, we're at a standstill because we're trying to get the Fleet Plus and that's going to be very critical for the kinds of things that we need. We're working with VTR, for instance, to ensure that -- part of the hangup is in the titling process and how the titling process works, because right now state law says you can't issue a registration to a vehicle unless it has the title. So part of what we're trying to do is we have a process in place where we assist the carriers, for instance, they send a title application either to our office or VTR and we review that packet to make sure that it is in fact correct and that payment is there, and then we forward that information over to the county and the county takes it and it goes from there. What it allows us to do once we pass it on to the county is to check the block that would allow the registrant to get their vehicle on the road a little bit sooner.

MR. VANDERGRIFF: Well, I understand what

you're doing, but I think the discussion on that started, gosh, a year ago, and I'm just wondering why that hasn't happened yet.

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MR. POOLE: We are working on it, sir, and part of the problem is -- well, twofold, one is it's going to take legislative action to get some of the things done that we have to and we have an agenda for that.

MR. VANDERGRIFF: But it does seem to be the same sort of things a customer of a franchise or an independent car dealer, in a very real sense some of this issue is similar to that, and in those parts of our business they can get a temporary tag and be moving quickly.

MR. POOLE: Yes, sir, they can. And the second part of it is that we really do need to get the Fleet Plus project energized and moving forward so that we can get some of the processes in place, especially in the system. That will allow us to do the things that we need to do in order to get those vehicles on the road sooner.

MR. WALKER: You have to remember, also, that that truck that puts that temporary tag on there, if we leave the State of Texas which most of us are doing and going to Louisiana and Oklahoma or wherever it might, is that those states don't always accept that temporary tag on there as the correct authority.

MR. POOLE: They won't, and in most cases our carriers would have to buy trip permits in order to get through.

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MR. WALKER: We don't put our trucks on the road with a temporary tag because we don't want to get in trouble at the state lines.

MR. VANDERGRIFF: I understand that, but I thought we were working pretty diligently on a solution that would get them their title and therefore their permanent tag faster, and it seems like it's still taking a little bit.

MR. POOLE: Yes, sir. We are trying to work on it right now in terms of getting to move forward.

MR. VANDERGRIFF: So if it is just strictly a legislative action, then that's been communicated to all those that have been working on it?

MR. POOLE: That's part of the problem. The second part of that is that we really do need to get the Fleet Plus project moving forward, and part of that has to do with just getting the RFO so we can get the vendor online to do some of the work in the system that we need to do, and also so that we can start having some of the meetings that we need to have coordinating with VTR and all the other stakeholders to make sure we coordinate these processes and get them into place properly.

But right now, the short answer, sir, is we're at a standstill on that part of it.

MR. WALKER: But we have streamlined the process on the permanent tags. We've gone to permanent tags in Texas so we don't have to change those tags out.

MR. VANDERGRIFF: That's a great thing and I realize that.

I do want to note, given the time and we still have some other items on the agenda, that for those of you who are here on item 4, we're going to have to move through the rest of our agenda first before taking up item 4, including an executive session, so I'm going to give you all notice that we won't take this up until 12:15, perhaps 12:30, depending on how long the rest of this meeting goes, so if you want to grab some lunch or something, please feel free to do that, but we will plow through the rest of our agenda first.

Go ahead.

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(General talking and laughter.)

MR. POOLE: Mr. Walker said earlier that if you can't get trucks on the road, you can't make money, and what we want to do in Motor Carrier, as I said earlier, it's an exciting time, and unlike a lot of people in this room, I'm not a native Texan -- I guess I can say that out loud without a problem -- but in keeping with that old

adage, I got here as soon as I could, and what we want to do here is we want to do the same thing for our motor carriers, we want to keep the ones that we have here and work with them, get the processes in place so they can operate, we want to bring the carriers back to Texas who left us, but more importantly, we want to put processes in place that will have a carrier outside of the State of Texas say, Hey, you know what, I didn't start my business here in Texas, I see what you guys are doing, I'm going to get my business here as soon as I can.

MR. BARNWELL: Do you have a timeline?

MR. POOLE: A timeline?

MR. BARNWELL: For your new program, for the rest of it. It sounds like you've been a year after it.

MR. POOLE: Well, right now, sir, part of the problem is just getting our project onboard. As soon as we get that onboard, the timeline will probably be six to eight months before we can actually get the processes in place and test them in order to move forward. But there are some things that we are doing right now in lieu of that. As I said, we're working with VTR to try to get the titles processes as quickly as possible and get it back out to the region. Betty Wachsmann's program is helping us do that. And we look at the cooperation we have between our office, the regional service centers and the

counties, we're just trying to make sure that we get that done as quickly as possible.

And another thing that we're doing with TMTA with the outreach program, that's a very successful program because the carriers are finding out more and more about the compliance requirements on the front end instead of finding out what the requirements are during an audit, and so what we're trying to help our carriers do is to do that so that when we do audit them, there won't be much of a problem in terms of compliance.

MR. BARNWELL: Okay.

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MR. VANDERGRIFF: I think you might be to the end.

MR. POOLE: I'm done.

MR. VANDERGRIFF: I'd like to maybe to recap very quickly just the awards that you've gotten relative to other groups in the country, and that was really one of the points I wanted to get across was to celebrate that success, so could you do that, just give us a recap real quickly of some of those awards?

MS. OLIVER: Well, I'll start with the MCCS which is the custom-built system that we use for the operating authority. As part of TxDOT when that system was launched, we won the 2005 Journey Towards Excellence Award through TxDOT, and then we also won the national

AASHTO award for the Exemplary Partner.

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MR. VANDERGRIFF: That's great.

MR. POOLE: The Texas IRP system won the 2007

AASHTO award, the President's Transportation

Administration Award. We won that award when we were

still part of VTR in TxDOT.

MS. DAVIS: And TxPROS so far has won the 2012
Best Application Serving the Public Award by the Center
for Digital Government, the 2012 Best Use of Innovation
Award by the Western Association of State Highway and
Transportation Officials, and that qualifies it for the
national award. The interesting thing about that WASHTO
award is every other winner of that award this year was a
highway project or a bridge project, this was the only
technology project that got any recognition, so I think
that really says something. And then our vendor which is
ProMiles Software Development Corporation has also won a
Best Fit Integrator Award for Best Fit Between an
Organization and its Customers from the Center for Digital
Government also.

MR. VANDERGRIFF: And that's the thing I want to congratulate, obviously. I feel, from my personal perspective, and I know there's a couple of people here in the audience who were part of the work group where I remember in 2008 we were just trying to make sure that

there was funding for TxPROS, and that was being helped 1 out to a great deal of credit from the predecessor of this 2 3 agency, that board's effort, the motor carrier industry, and most importantly, Carol and the staff at Motor Carrier 4 to get that working and going and it's been a great 5 6 success. So it happened under TxDOT but I don't mind taking some credit for DMV because I'm not sure it would 7 8 have happened without our efforts to push to get the 9 funding for you, and you did a great job. 10 MS. DAVIS: As long as the people who did the work get the credit. 11 12 MR. VANDERGRIFF: That's right. They did a

MR. VANDERGRIFF: That's right. They did a great job and it's outstanding.

The next item on our agenda, and we're going to try to get through the rest of our agenda.

MR. WALKER: Are we going to take a break?

MR. VANDERGRIFF: Do you want to take a break

now?

MR. WALKER: Or you can keep going and I'm going to take a break.

(General laughter.)

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MR. VANDERGRIFF: I'll take the pleasure of the board, but what I'd prefer to do, because I think the agenda, the rest of it may be relatively short, is to plow through this agenda and then be able to go into executive

session for a brief period of time on some items that we have, and then be able to have a brief bite of lunch, and the rest of the audience that might be here on item 4, we'll take it back up very quickly, hopefully by 12:15, depending on how long our agenda goes, it could be 12:30.

But with that, I think I'm going back to the agenda and we're on item number F which is the approval of the agency website. We at this point still have a quorum. I do want to note for the record, obviously you're keeping track of this, our court reporter, but Member Ingram and Member Walker and Member Rush are out of the room, but we still have five in the room so we're able to continue.

Mr. Kuntz.

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MR. KUNTZ: For the record, Jeremiah Kuntz, director of Government and Strategic Communications.

Today before you we have a resolution, as you all know, in order to execute a contract that exceeds the executive director's authority, over \$200,000, for full development of our website. To date we have entered into a contract with a developer to provide us with a proof of concept. We'll be demonstrating that very briefly here, I know time is of the essence this afternoon.

As you can see, we've got the old website up here just for demonstration purposes. This website is

hosted at TxDOT; we are bound by their layout and design on this website and have very little flexibility on what we can do. Part of this effort will be to create our own website design that facilitates a lot of the automation projects that we'll be working on, so this is the facade or the foundation for all of the IT initiatives that we have under the automation project.

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The website design was one of the BPA initiatives, it is being funded out of the automation funding, and we believe that it is a good effort to provide better customer service to the public and to the industries that we serve.

As you can see, we've significantly changed the design, the look and feel of the website. We've instituted a banner across so that we can provide better, up-to-date information to our customers about different initiatives or different items that we have that are going on in each month or daily.

The other major change to the website is we've organized it based on our constituent groups, so as you can see, our major constituencies our motorists, our dealers, our motor carriers, and then consumer protection, have their own sliders with a quick links on them.

You can also notice that right underneath the quick links there is a small icon that you're seeing right

there. I believe that is title check. Each one of those icons will eventually have the branding for each of those applications that's put onto it, but that provides quick and easy access for individuals that know which applications they use on a regular basis. It's on the front of the website and they can easily get into and out of our website and get their business done.

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about what we do, we've created landing pages for each of these groups. Our proof of concept really mainly focused on our motor carrier industry. They had some work sessions talking to the industry, talking to actual motor carriers to try and figure out what it was that they actually wanted on the website, what they needed, and one of the main things that they brought up was that they wanted a portal page, something that was dedicated just to motor carriers, and so we've created that for them as an industry group.

We're going through a process right now with staff, we had a kickoff meeting just yesterday morning with staff to bring in all our subject matter experts so that they will be involved in the content, bringing the old content over into the new environment.

If you want to go ahead and click on permits real quick. I'll just demonstrate some of the features

that we're really trying to institute here. One of the main things that we're trying to do with this website is use visual cues, use visual imagery to help guide our users, so as you can see with our specialty permit program, we've actually got a full tab set of all of our permits. Each one of those permits is represented by an image that represents the type of permit that is being described there. Within each one of those permits, as you go in each permit will have its own page as well with more specific information.

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So we've created a general layout and a template that we're going to be using as we go forward with all of the rest of the website. Motor Carrier was our first, our pilot, if you will, because we had a lot more information from that user group. So we will be reaching out through our subject matter experts, they're the ones that know what the needs are. Our consumer relations division gets questions all the time from people trying to navigate our website, and so we're utilizing their expertise and knowledge, based on the questions and concerns that they receive on a daily basis, to try and drive how we put this website together.

At this moment in time, what I'd like to do is just go back to the contract. We have submitted out through DIR. They have a procurement method that allows

you to select from a list of pre-selected bidders. We sent out a scope of work to three companies that were on that list, we received back bids from two of them. We're still in the process of evaluating those bids, and so the resolution today would authorize the executive director, with advice and consent from Board Member Walker, who is the chairman of the Projects and Operations Committee, to execute that contract once we've finalized negotiations with the vendor.

MR. WALKER: That's not correct.

MR. KUNTZ: I'm sorry.

MR. WALKER: We need authorization for the executive director to execute the contract, not myself.

MR. KUNTZ: Okay.

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MR. VANDERGRIFF: With consultation by the chair.

MR. KUNTZ: With consultation.

MS. JOHNSON: Is it appropriate to make a motion at this point in time?

MR. VANDERGRIFF: Yes.

MS. JOHNSON: I'd like to move that the board authorize the department's executive director, or her designee, to negotiate and finalize the web design contract, and that the board authorize the department's executive director to execute the final contract with the

advice and consent of the Projects and Operations 1 Committee chair. MR. BARNWELL: Second. 3 MR. VANDERGRIFF: We have a second from Board 4 Member Barnwell and a motion from Board Member Johnson. 5 6 Any discussion on the motion? 7 (No response.) MR. VANDERGRIFF: Please raise your right hand 8 9 in support. 10 (A show of hands.) MR. VANDERGRIFF: The motion passes 11 unanimously. 12 13 MR. KUNTZ: Thank you very much. MR. VANDERGRIFF: Thank you. 14 15 Ms. Flores, we kind of skipped around here. 16 do have the monthly financial report at this time. MS. FLORES: For the record, Linda Flores, 17 chief financial officer for the Texas DMV. 18 19 And in your board packet you do have financials for the month ending June 30, 2012. On page 3 of your 20 document kind of gives you a one-page outlook of the 21 22 summary information. We brought in approximately \$137.8 million of revenue for the month of June, and we spent 2.3 24 \$10.5 million. 25 Page 4 gives you a year-to-date review of our

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expenditures. As Board Member Johnson indicated, we are 1 not projected to spend all of our budget but a large 2 portion of that will be carried forward into the next 3 fiscal year for automation projects. 4 And I'm available to answer any questions you 5 6 might have. 7 MR. VANDERGRIFF: Do the board members have any 8 questions? I assume that was also covered at the Finance and Audit Committee. 9 10 MR. INGRAM: Yes, it was. MR. VANDERGRIFF: Thank you, Ms. Flores. 11 We are now on item 5.K on our agenda. 12 13 MR. WALKER: I left the room, I don't know that we finished the Projects and Operations Committee report, 14 15 and it doesn't matter, but there was also a report on our 16 building status. I don't know whether you want that now 17 or you want to wait. MR. VANDERGRIFF: I figured we'd come back to 18 19 that when we get to it in the agenda. 20 Item 5.K on the agenda which is the specialty license plate designs. 21 MR. ELLISTON: Good morning, Mr. Chairman and 22 members. 2.3 24 You have before you today seven license plates

for your consideration from our specialty plate vendor, My

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The plates being proposed today are the Delta 1 Plates. Sigma Theta -- each of these plates are displayed here at 2 3 the right of me and you also have them in your board book -- also the Texas DPS Troopers Foundation, Trinity 4 University, and Tyler Junior College Apache Belles. 5 6 are all new plate designs for consideration. Also to the right of those are three more plates which include 7 8 University of Houston, University of North Texas, and Vestas plates which are currently plates that have been 9 redesigned, so these are currently in the system, however 10 they look different because they've been redesigned. 11 The applications for the plate designs 12 13 presented have been reviewed and certified complete, all 14

legislatively required processes have been met, and we ask for your consideration for approval of these plates today.

MR. INGRAM: Randy, I missed it, are all these My Plates?

MR. ELLISTON: Yes, sir, they are all My Plates vendor plates.

MR. WALKER: No crossovers?

MR. ELLISTON: There's no crossovers today, no, sir.

MR. WALKER: So moved that we accept them in their entirety.

MR. INGRAM: Second.

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1	MR. VANDERGRIFF: We have a motion from Member
2	Walker and a second from Member Ingram. Any discussion?
3	MR. RODRIGUEZ: I have a question. All these
4	are in full compliance with the agreement with My Plates?
5	MR. ELLISTON: Yes, sir.
6	MR. RODRIGUEZ: Any one of these could go to
7	the department directly as opposed to My Plates for
8	specialty license plate?
9	MR. ELLISTON: These plates could be designed
10	by the agency if they had a sponsor, a state agency
11	sponsor to do so. The individuals asking for these plates
12	have chosen to go to our vendor to do that.
13	MR. RODRIGUEZ: But they could go independent
14	of My Plates.
15	MR. ELLISTON: Yes, sir, that's correct.
16	MR. VANDERGRIFF: I do apologize. Do you have
17	a question?
18	MS. RYAN: I was going to ask is there any
19	public comment.
20	MR. VANDERGRIFF: There is. We did have one
21	speaker that is available here there's actually two,
22	but one has indicated they're just here if necessary, but
23	Donald Dickson from the Texas State Troopers Association.
24	I apologize for going out of order.
25	MR. DICKSON: Mr. Chairman, may I approach?

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MR. VANDERGRIFF: Please. We normally allow three minutes for this type of discussion. And he's speaking against -- well, you can tell us which one you're against, I'm not sure.

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MR. DICKSON: Good morning, Mr. Chairman and members of the board, how do you do? My name is Don Dickson and I'm an attorney in the Austin office of the Parker Law Firm, and since 1996 I have served as general counsel for the Texas State Troopers Association. TSTA asked me to appear before you today to express some concerns about this application by the DPS Troopers Foundation, and I'll give you two examples that illustrate our concerns.

Not long ago, Colonel McCraw at DPS ordered that all DPS black-and-white vehicles display a bumper sticker from the 100 Club, and I'm sure many of you are familiar with the 100 Club, it's an outstanding organization that provides benefits to injured peace officers and to the survivors of officers who were killed in the line of duty. Well, after they put the 100 Club stickers on the black-and-whites, the department received some comments from citizens who expressed concern that a motorist with a 100 Club sticker might catch a break or get the benefit of the doubt or get a better deal during a traffic stop than maybe a motorist who didn't have that

sticker, and the colonel said, you know, we don't think that's the case but public perception is important to us, and he ordered them taken off.

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And I sent him an email just about two weeks ago and I said, Colonel, why did you order them taken off? He said, Well, you know, we've got these comments and I've discussed it with our general counsel and with my chief of staff, and we decided that discretion was the better part of valor so we peeled the stickers off the black-and-whites.

And the second instance that I think illustrates these concerns, earlier this year the Texas Attorney General took legal action to shut down and outfit called the Texas Highway Patrol Association. They alleged that the Highway Patrol Association waw involved in fiduciary malfeasance and in a broad spectrum of deceptive trade practices, and one of those deceptive trade practices was that they had telemarketers pitching to potential donors that displaying the Highway Patrol red patch on your bumper might earn you a break.

Now, let me make very clear to you that the applicant for this plate is our sister organization, is a perfectly honorable organization of people who have served the department and the State of Texas with dedication and distinction. We have no reason to believe that they're

going to be peddling these plates to the public with the same kind of improper sales pitch that the attorney general found objectionable. Having said that, though, the motorist doesn't necessarily need to be told that to believe that it's true, and for that reason, I think that the board might be opening a door that's better left locked by allowing people to display an affinity plate that has anything to do with law enforcement.

And for those reasons, we would ask that the -and if you approve this application, you may get another
application from the Austin Police Association, from the
Waco Police Association, from various benevolent funds,
from some of the organizations that may not be quite as
legitimate as the DPSOA and the TSTA. So for those
reasons, we would as that you take those concerns into
consideration.

Thank you.

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MR. VANDERGRIFF: Thank you very much, Mr. Dickson.

I'm going to ask the board, if I can, we have another speaker on this particular plate, perhaps if the maker of the motion might consider amending their motion to remove item number 2 and let's take up the other six and then come back.

MR. WALKER: I was going to ask if I could do

1	that.
2	MR. VANDERGRIFF: Please do.
3	MR. WALKER: I'd like to amend my motion to
4	withdraw plate number 2 from the motion to approve.
5	MR. INGRAM: Agreed.
6	MR. WALKER: Exclude plate 2.
7	MR. VANDERGRIFF: Okay. So the motion before
8	us now, board members, is to approve plates 1 and then 3
9	through 7 that have been presented. We have a motion and
10	a second. Is there any further discussion on that?
11	(No response.)
12	MR. VANDERGRIFF: All those in support of the
13	motion please raise your right hand in support.
14	(A show of hands: Barnwell, Ingram, Rush,
15	Ryan, Vandergriff and Walker.)
16	MR. VANDERGRIFF: The hands were coming up and
17	down, but I believe we have six in favor and Board Members
18	Rodriguez and Johnson all those opposed.
19	(A show of hands: Johnson and Rodriguez.)
20	MR. VANDERGRIFF: The two on the end are
21	opposed. So the plates 1 and 3 through 7 have passed by a
22	six to two vote.
23	Now we're back on plate number 2 under item K
24	which is the Texas DPS Troopers Foundation.
25	MR. INGRAM: I move that we approve plate

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number 2.

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MR. VANDERGRIFF: We do have one more speaker on this. You might want to hear this person that's on the other side.

John Pike. Is Mr. Pike still here? And can you also identify the difference between the Texas DPS Troopers Foundation and the Texas State Troopers Association?

MR. PIKE: Sure. Thank you. My name is John Pike. I'm executive director of the Texas DPS Troopers Foundation.

as an offshoot of a previous organization that's a 501(c)(5) association for state police called the Texas Department of Public Safety Officers Association. That association was formed in 1974 and currently has over 3,700 active and retired members which are troopers, agents, Texas Rangers, communications personnel and forensic scientists. That organization is governed by a 13-member volunteer board of directors, they're elected by the membership and they had formed to advocate on behalf of troopers for better wages, safety, working conditions, et cetera, as well as to provide benefits to the members such as survivor death benefits, emergency financial assistance, scholarship programs, at-risk youth programs, et cetera.

1	In 2009 that organization had been receiving
2	donations from the public, primarily through telephone
3	solicitation and we discontinued that telephone
4	solicitation in 2009 primarily because there were other
5	organizations that were out there using unethical tactics
6	in their solicitation and perhaps indicating that they
7	might gain favor by having a sticker on their car that
8	said I support DPS Troopers. We were very cautious how we
9	went about solicitation, however, the public doesn't
10	differentiate very clearly. Mr. Dickson was correct in
11	that the Texas Highway Patrol Association was one of those
12	very bad actors.
13	TSTA, the difference between DPSOA and TSTA is
14	that DPSOA again has a volunteer board of directors that
15	are elected by the membership, TSTA has a permanent select
16	board of directors, owners of the association,
17	essentially. They don't allow supervisory personnel to be
18	a member.
19	MR. VANDERGRIFF: Just kind of real succinctly,
20	what's the difference between the two?
21	MR. PIKE: Okay. They're both representing
22	troopers, however, you have two different

MR. PIKE: Our foundation is solely funded by

MR. VANDERGRIFF: What's the difference between

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the two?

donations from the public and the mission of the foundation is to provide survivor death benefits, emergency financial assistance, scholarships.

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MR. VANDERGRIFF: And what does the Troopers Association do?

MR. PIKE: They advocate on behalf of their members. Our foundation is a 501(c)(3) charitable organization as opposed to a 502(c)(5) organization which is allowed to lobby. That's why we split.

MR. VANDERGRIFF: You do understand that basically you're coming in support of an application for a plate that would obviously benefit the foundation, and yet we have a similar organization opposed to it.

MR. PIKE: They have a vested interest in not having us have a higher profile than they are. We're a much larger organization than they are. When they receive a donation from the public, they send out a window sticker, as most law enforcement agencies do when they receive them. Their window sticker does have a Highway Patrol patch on their sticker which is does confuse the public.

MR. VANDERGRIFF: Okay. And I apologize, I thought it might be helpful to have that distinction. You're in support of the plate because it's your organization.

MR. PIKE: Primarily, since we didn't go
through an agency we would receive much less in
remuneration for having these plates on the road, but we
feel it's very important to have public support for the
state troopers and have that very evident on the backs of
cars throughout the state.

MS. RYAN: Is this the only form of solicitation you use?

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MR. PIKE: We are doing direct mail and we're beginning a program to approach corporations and get grants, et cetera, for the foundation. It is governed by a separate board of directors, also volunteer.

MR. ELLISTON: Mr. Chairman, if I might make one comment. Currently under Texas statute there's a law that prohibits the use of a DPS insignia, or likeness thereof, by a member of the public without the express consent of the director of the Department of Public Safety. When this plate was originally brought to our attention, knowing that that law existed, the plate actually looked a little different than it does now, had more information about the department on it. Knowing of that statute, I contacted the director, Steve McCraw, and sent that over to him for his consideration. The plate was modified some and we do have his approval to move forward with the plate, or the foundation does, I should

say, has approval to use that insignia on the plate. 1 just wanted to make sure you were aware of that, that we 3 have complied with all statutes in regards to the use of that insignia on the license plate. 4 MR. VANDERGRIFF: Thank you very much, Mr. 5 6 Pike. 7 Now, Mr. Ingram. MR. INGRAM: I'd still like to make my motion 8 9 to approve, and just to point out that we don't have any 10 proof that the DPS Trooper Association or Foundation has improperly solicited anyone, unlike the Texas Highway 11 Patrol Association. And if they do in the future, it's 12 13 actually the AG's responsibility for pursuing that, in my opinion. It's a worth cause and it's been approved by 14 15 DPS, and I think as far us trying to turn it down, we 16 would really need to look at is it harmful. That's 17 certainly what we looked at before. MR. VANDERGRIFF: Do we have a second for the 18 19 motion? MR. RUSH: 20 Second. MR. VANDERGRIFF: We have a second from Member 21 22 Rush. Mr. Walker, did you have any discussion? 2.3 24 MR. WALKER: Well, we're speaking about some

very valid points. I have supported the Century

organization and been to their dinner before numerous times. I do not have a sticker on the back of my car. However, there's a huge contingency of people out there with the perception that if I have that sticker on the back of my car, I won't get a ticket, and I would hate to see a license plate go out there with a DPS similar emblem and Support State Troopers that would say -- I think there's definitely opportunity that somebody is going to promote that and say hey, you're supporting the troopers, and the trooper on the roadside may say hey, this guy gives money to the foundation that benefits police officers or troopers.

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MS. RYAN: Isn't that the issue of the trooper association and their acknowledgment and training to make sure that things like that don't happen and not something we should worry about?

MR. WALKER: Wouldn't it be prudent on our part if we could stem and stop something like that from happening before it ever gets out there and becomes a problem that we do that?

MR. BARNWELL: I do not think it's our responsibility to approve everything that comes in here; likewise, it is not our responsibility to disapprove everything that comes in here. But there are certain things that are appropriate and certain things that are

not appropriate for the public, and that's our job is to 1 look at the appropriateness of this. 3 Here we have a plate that appeals to the interests of individuals to avoid a traffic ticket should 4 they be stopped for breaking a traffic law. I'd buy one 5 6 in a heartbeat. 7 (General laughter.) MR. WALKER: And why would you buy it? 8 MR. BARNWELL: There's only one real reason why 9 10 I'd buy it because it's not that pretty and it doesn't really go with my car, but I would buy one, and for that 11 reason I think that there has to be some realization here 12 13 and recognition that there are appropriate plates and appropriate subject matter for plates, and there are 14 15 certain things that aren't. So in my opinion, this plate 16 does not rise to the level of being appropriate. 17 MR. VANDERGRIFF: Is there any other discussion or questions on this plate? 18 19 (No response.) MR. VANDERGRIFF: All those in favor of the 20 plate please raise your right hand in support of the 21 22 motion. (A show of hands: Ingram, Rush, Ryan and 2.3 24 Vandergriff.)

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MR. VANDERGRIFF: And all those opposed.

(A show of hands: Barnwell, Johnson, Rodriguez 1 and Walker.) 2 MR. VANDERGRIFF: We have a four-four tie on 3 this matter, so by virtue of that tie, then the plate is 4 not approved at this point. 5 6 MR. ELLISTON: Mr. Chairman, if I may. Just as an informational item for the board members, our current 7 8 general issue plate that we released some time back is now in the tax assessor-collector offices, is being issued at 9 a number of the counties across Texas today. I've seen a 10 couple of them around Austin. We're still getting real 11 12 high marks on that, the press is very impressed with it, 13 law enforcement and toll road officials are very happy with that new plate. So just want to make sure you knew 14 15 that you may be seeing that on the roadways. 16 MR. VANDERGRIFF: Sometimes simple is better 17 and it's receiving great acceptance. MR. RODRIGUEZ: Just out of courtesy, I'd like 18 19 to recognize the fact that we have Colonel McCraw in the audience, Mr. Chairman. 20 MR. VANDERGRIFF: I was about to do that, but 21 thank you for doing that as well. 22 Under the chairman reports, we really don't 2.3 24 have much here in this big long, legally correct listing 25 of things, but I do want to point out -- and the vice

chair may want to say something -- that we do have an advisory committee meeting on September 6 on the continuing effort on Senate Bill 529. I believe that's on September 6.

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MS. RYAN: Correct. The agenda has been sent out, the committee was notified with all the information, and Member Palacios and I will be co-chairing that, so please be on lookout from a committee standpoint. We'll also get some additional legwork out prior to that meeting. Our goal at that advisory committee meeting is to try to find consensus on the three items that we were not able to find consensus through rulemaking, and if appropriate, then the agency can move those things forward, and if the committee cannot find something where we can find consensus, then we'd have to leave it to the industries to move forward. That's where we're at.

MR. VANDERGRIFF: Thank you very much.

I also want to note I think we'll have a pretty good briefing with the board in September after six weeks or so of outreach with the industries that we oversee with respect to legislative items that are coming up, so we'll start that process here in September and October by the executive director and Mr. Kuntz.

And then I think we still have, now coming at the end here, 6.B which is under the executive director

reports, and I believe at this point we have the two that 1 are still from the Projects and Operations Committee. 2 MR. WALKER: 6.B is the executive director's 3 report. 4 MR. VANDERGRIFF: Yes, but underneath that is 5 6 the IT and the facilities. 7 MR. WALKER: Ms. Heikkila, would you like to 8 give us the report on the building status, where we're 9 going? 10 MS. HEIKKILA: Certainly. For the record, my name is Dawn Heikkila. I'm the chief operating officer 11 for the Texas Department of Motor Vehicles. 12 13 During the Projects and Operations Committee meeting, one of the agenda items was a facilities update. 14 15 We are working with TxDOT. They have intentions of 16 allocating space on the Camp Hubbard campus to allow us to move or relocate staff that's currently housed at the 17 Riverside location to Camp Hubbard. That would allow us 18 19 to consolidate staff at Camp Hubbard and Bull Creek which will facilitate managing our staff and supporting our 20 staff. 21 I've been working with the Texas Correctional 22 Industries from the Texas Department of Criminal Justice 2.3 24 on space planning and modular reconfiguration for Building

5 at Camp Hubbard to make sure that when we do move our

folks around, we're taking every opportunity to capitalize on operational efficiencies and align functional program areas. We're hoping that we can have everybody relocated before the end of the calendar year. Our goal is to have staff relocated by the end of October.

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MR. VANDERGRIFF: Any questions from the board?

MR. WALKER: And there was only one other thing
from our Projects and Operations, which is the automation
project.

MR. VANDERGRIFF: May I finish on facilities first?

MR. WALKER: I thought we were.

MR. VANDERGRIFF: I had one thing to make sure the full board notes is that we still have to be continuing thought process and discussion going forward with respect to a long-term facility home for us because, based on TxDOT's plans, still a decade out, but based on their plans, there's really no room in the inn for us when it comes down to it. So we will be working through the executive director and her with the staff to push forward on the planning for that as we go into the legislative session. So more to come.

MR. WALKER: And the only other thing is the automation and the IT technology project, and I know Dawn can more eloquently address that than I could. So if

you'll update us on the status of the IT project.

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MS. HEIKKILA: Certainly. We have a request for proposal out on the street with the vendors to refactor the RTS core system, the registration and titling system that houses the majority of the data the agency uses. We had a pre-bid conference and a demonstration of system functionality in June. We had a pretty significant turnout, we had 82 vendors show up, 17 of which have registered as prime vendors that plan to submit.

We received 533 written questions,
clarifications, direction, questions on the proposal.
Staff worked diligently to respond. We had to prepare
written responses and post those on the Electronic State
Business Daily which is the state procurement blackboard.
That was done in July as well. It took a little bit
longer to post the responses than we had anticipated, so
we had pushed out the proposal submission due date from
August 24 to August 31.

The evaluation team has been selected and will undergo training on the evaluation criteria and the evaluation matrix and tools beginning the week of August 20. As the proposals are received in on the 31st, they'll be validated by our procurement group and the evaluation will begin immediately. We have initially identified a three-week window for proposal evaluation. Depending on

the volume, the number of proposals and the complexity of the proposals submitted, we may need to adjust that time period to make sure that we have sufficient time to do an adequate review.

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We are also exploring a statement of work for an independent validation and verification vendor, an IV&V vendor. We intend to go forward through DIR and procure those services through a DVITS engagement. The IV&V vendor is a validation audit function that we feel is critical as we engage a vendor of this magnitude for refactoring our main core system. We want to make sure that the vendor is sticking to the business requirements and developing a proposal according to the terms and conditions of the subsequent agreement that we execute with them.

We have a series of other projects in the pipeline. This would be under the IT initiative briefing. We have a series of projects I spoke about very briefly earlier that have been identified to separate the technology assets in structure and networking from TxDOT. We refer to those as the separation projects. Those will be included in an addendum to the memorandum of understanding for 2013.

We have several in-flight or ongoing projects including the DMV public-facing website, the fleet multi-

year registration project that John Poole spoke of briefly, the tonnage project, the web dealer, e-title, and then the LACE project addressing licensing and case management.

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We have a series of projects, the separation projects, I was just going to briefly go through some of those so you have some idea. They are in your briefing materials. There's a definition of the regional office communication infrastructure project. We commonly refer to that as the VoIP project, the voice over internet protocol, it's a telephony project. Replacing the hardware for the Texas IRP system, changing the wide area network to a multi-protocol labeling switch network, directory services, addressing the email system.

We currently have a very antiquated, outdated email system. We have plans to migrate our email to Microsoft 365 in the cloud. TxDOT is also doing this project and it's really critical that these projects happen in parallel and in tandem, as soon as TxDOT migrates off GroupWise, they're going to turn the servers off, and we want to make sure that we cross that finish line with them so that we're not stuck with a system we can't use.

And then the last item is a little bit of a discussion on Data Center services which we've already

talked about.

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I also provided an update on the IT staffing progress. That's been an area of interest for several of you as we've moved through this. We've had challenges building a strong, durable, sustainable, robust IT shop that will take us into the future and be able to support the agency independently. We started out with 29 vacancies, we've filled five of those. We have another candidate that we were in negotiations for salary that has accepted the position, we're just negotiating the details.

We currently have three positions that are open, posted, and we're soliciting candidates for. We have eleven job descriptions that are being developed and are in some stage of being ready for posting, and then we have nine that still need to be developed. Our goal is to have the IT shop fully staffed by August 31 and we feel pretty confident that we'll meet that goal.

MR. VANDERGRIFF: That's pretty aggressive to get it all done in the next couple of weeks.

MS. HEIKKILA: It is. But the postings, even though I say we have nine, it's one posting for multiple positions.

MR. INGRAM: A question about LACE. We're not working on LACE currently, are we, or is that just something in the future?

MS. HEIKKILA: We have a couple of things going on with LACE. We had recently implemented line an online system where they could check the status of their applications, and we're also looking at the licensing functionality. We've had a lot of changes in business processes that have streamlined operations, we've done rule simplification that addresses some of the way that the legacy LACE application was developed, so we need to address those, as well as the integrated case management for enforcement.

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MR. INGRAM: At one time we had talked about LACE and whether or not we were going to be able to keep it, essentially. Has that decision been fully made that we are keeping it?

MS. HEIKKILA: What we're doing right now is we're working on the project proposal, trying to get an idea of what that scope might look like and then costing it, and that will determine the direction that the project needs to go. If the project's cost value for development and implementation exceeds \$1 million, it will have to go to the quality assurance team, and that will add a little bit of time. The governance team will be addressing the project proposal when it's presented and making a recommendation on where it fit in the schedule of projects for the agency.

1	MR. INGRAM: Okay.
2	MR. VANDERGRIFF: Questions?
3	(No response.)
4	MR. VANDERGRIFF: Thank you very much.
5	MS. HEIKKILA: Thank you.
6	MR. WALKER: I think that concludes the report.
7	MR. VANDERGRIFF: You have concluded?
8	Ms. Brewster, do you have anything you wish to
9	add?
10	MS. BREWSTER: No, Mr. Chairman.
11	MR. VANDERGRIFF: All right. With that, I
12	think we are through all of our agenda except item number
13	4. As I said and noted that earlier, we do need to have
14	an executive session, so we are going to take a short
15	break and then we will go into closed session.
16	It is about 11:46 at this point in time, and
17	we'll be going into executive session under Section
18	551.071 to consult with legal counsel and the executive
19	director regarding matters related to the performance of
20	the executive director and also with respect to items
21	pending on our agenda under number 7. Then I do want to
22	note for the audience that we'll be back here by no later
23	than 12:20 here to resume the public session and to take
24	up item number 4.
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(Whereupon, at 11:46 a.m., the meeting was

recessed, to reconvene following conclusion of the 1 executive session.) 3 MR. VANDERGRIFF: We are now back in public session. Let the record reflect that there was no action 4 or votes taken in executive session, and we are on the 5 6 record again here in public session at 12:46 p.m. And I apologize for the delay when I told you we would be here. 7 8 At this point we have one item left on our 9 agenda, and that is item number 4 which is the resolution regarding rules on Chapter 217, so Mr. Elliston. 10 MR. WALKER: You might make a note also for the 11 record that we've lost a board member. 12 13 MR. VANDERGRIFF: I sure should make the note that Board Member Rodriquez attended the executive session 14 15 and had to leave prior to resuming in public session. 16 MR. ELLISTON: Good afternoon, Mr. Chairman and 17 For the record, my name is Randy Elliston, and I am the director of the Vehicle Titles and Registration 18 19 Division for the Department of Motor Vehicles. In June you approved posting for public comment 20 the proposal of rules to Section 217.3 and 217.22 21 regarding motor vehicle titles and registration. 22 the comment period 23 comments were received. Most of the 2.3 24 comments received specifically concerned the

identification portion of these rules. One comment was

regarding bonded titles and another regarded the rescission procedures for new motor vehicles.

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Regarding the ID requirements, the comments on the ID portion can be summarized as asking a question of the department, that the department accept the consular identification documents or no identification, that any government-issued ID be accepted until the department can access verifiable databases, that identification should not be required for leasing companies, trustees, businesses, government entities or other organizations, or that the real and immediate economic impact would be far greater than the department has anticipated, that the amendments would increase license plate and windshield sticker theft, or that the amendment would create additional title fraud and fraudulent IDs and make it harder for law enforcement to locate people, or that accepting the consular identification documents will create responsible drivers who are more likely to obtain motor vehicle insurance.

Also, that requiring a valid Texas driver's license would help drivers be more aware of the laws and insurance requirements, or that passports should be required to contain a United States entry stamp, or that allowing dealers an exception allows unscrupulous dealers to circumvent the law.

The amendments as proposed require one of the following current documents for titling and initial registration: first is a driver's license or state identification certificate issued by a state or territory of the United States, a passport, a U.S. military ID, a NATO ID or ID issued under the Status of Forces Agreement, or an ID issued by the U.S. Department of Homeland Security, U.S. Citizenship and Immigration Services, or a U.S. Department of State identification document.

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These identification documents are the same as those for existing identification necessary for a certified copy of a title. Also, the rules define current as within twelve months of the expiration date of the ID document.

A person who holds a general distinguishing number issued under Chapter 503 of the Transportation Code or Chapter 2301 of the Occupations Code, being an automobile dealer, is not required to submit the owner's identification to the county tax collector but must retain the owner's current photo identification in the purchase and sales records as required under 43 TAC 215.144.

Another issue addressed by these rules is regarding bonded titles. We did receive one comment which was regarding the inspection of vehicles, and the amendment requires the payment of a \$15 administrative fee

for bonded titles to be processed by the agency and a procedure for an appraisal process for bonded titles, and the set out of requirements for displaying license plates on a vehicle.

One other main issue in these rules is regarding the rescission by affidavit procedures of a vehicle titles. The rescission by affidavit procedure may be utilized when all parties agree to rescind a new vehicle sales transaction. The department may rescind, cancel or revoke an application for a title if signed, notarized affidavit is presented within 21 days of the initial sale containing a statement that the vehicle involved was a new motor vehicle in the process of a first sale, a statement that the dealer, the applicant and any lienholder had canceled the sale, and a statement as to whether the vehicle was in possession of the title applicant and an odometer disclosure statement if appropriate.

Following this procedure does not negate the fact that the vehicle has been subject to a previous retail sale. If the vehicle was in possession of the title applicant, then the dealer shall disclose to the subsequent purchaser that the vehicle was subject to a prior retail sale and the effect, if any, the prior retail sale has on the warranty coverage of the vehicle. A copy

of the written disclosure shall be provided to the subsequent purchaser and the dealer shall maintain a copy in the sales file of the motor vehicle. The comment received asked that the department not require disclosure to the subsequent buyer.

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Now reverting back to the ID portion, it's my understanding, having to do with the comments that we've received and talking with industry regarding this, there has been a consideration of accepting only a government-issued ID for the first twelve months and then on September 1 of 2013 that the current ID requirements as in the rule be put into place at that point, so essentially that would require any government ID with the data sets that would be required which would be a birth date a distinguishing number, a photo ID and an expiration date required for the first twelve months while we're in the process of working on our e-title system. And that, if considered by the board, would be acceptable to the agency in that first year.

MR. VANDERGRIFF: Thank you, Mr. Elliston.

Any board members have any questions?

MR. WALKER: No, but I'd like to move to amend the motion.

MR. VANDERGRIFF: Okay. Do we have a motion on the floor?

MR. WALKER: I'd like to make a motion that we amend the proposed rules. In anticipation of my motion, I asked staff to take the appropriate documents based on comments from our industry partners. One of the main reasons for the ID requirement, as we heard during our meeting in April, was to implement the e-titling system that we're going to implement going forward. The agency has an approved National Highway Traffic Safety

Administration petition allowing a driver's license number be used to process an electronic title transaction to comply with the odometer statement required on the titles that have to be issued.

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In response to comments, and in order to give the department time to create the e-titling system, I move that we amend the proposed rule with the following changes: number one, we require the owner applying for title to present a government-issued photo ID which contains a unique ID number, a birth date, an expiration date that is current no more than one year past its expiration date, until August 31 of 2013; number two, on September 1 of 2013, ID requirements as currently proposed become effective.

I move that we approve this as amended.

MS. RYAN: I'll second.

MR. VANDERGRIFF: We have a motion and a

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second. I'd like to call for discussion, if we could, please.

MS. JOHNSON: Mr. Chairman.

MR. VANDERGRIFF: Please.

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MS. JOHNSON: I appreciate the interest that this issue has generated and all the input that we've received, but I have several other concerns with regard to this rule outside of the ID issue, and that seems to be what we're all focused on, but there's really other important issues here that have lost visibility because of the ID issue, and I'd like to discuss those and bring those forward.

One is we're asking for a \$15 fee from an agency that has -- we're not spending our budget so we have some excess in our budget, we have 63, at last count, vacancies. I'm having a hard time in this economy getting over how is a fee increase going to be productive for our small business or the population at all.

I'm opposed to the fact that we have dealer transactions that have proof of insurance and ID requirements that are different from the individual and it seems like we're creating a class of people that may or may not be appropriate.

I think that the SPB on bonded titles having a limit of \$4,000, I just sold a 26-year-old vehicle for

\$2,500 but I guess that the buyer would have had to pay taxes -- maybe because it's not a bonded title that wouldn't have happened -- based on a \$4,000 appraisal limit, so I have issues with that.

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I also have an issue with any member of this agency believing it's okay to have an expired driver's licenses. How can it be okay to sell somebody a car knowing that they have an expired driver's license and letting them drive on the roads of Texas?

And on the rescinding a sale, do we lose the Lemon Law protection? And so I think that we have other conflicts in this rule that really need to be looked at and determine whether it's really appropriate for us to move forward. I understand waiting for the e-tag system because that's driving it, and so I would support that. But these other issues are very deeply entrenched in this rule and you can find them in multiple places, and then I see in one place it's six months for an expired driver's license that's okay, and then I see another place that it's twelve months that it's okay. I don't think it's okay at all. And so I would like to hear some input from any of the board members and maybe even agency personnel to, number one, convince me that it's okay to treat the public different from a dealer when they're transferring titles. How can it be okay to say no insurance and no ID?

1	MR. VANDERGRIFF: And I apologize. I think
2	your questions, Mr. Elliston can answer those in a minute.
3	I do want to assure the public that even though I allowed
4	a motion and a second on the floor and we're in some
5	discussion of that, there's really more questions to Mr.
6	Elliston and we do have some public comment that we have
7	here, and I think that before the board votes on this, I
8	think it's important that we do hear the comment from the
9	public. But if there's any other questions of Mr.
10	Elliston, he may want to address these, but I'll ask if
11	there's any other questions that you might have of him so
12	he gets them all at one time.
13	MR. ELLISTON: Member Johnson, first to answer
14	one of your questions regarding Lemon Law protection.
15	MS. JOHNSON: Yes, sir.
16	MR. ELLISTON: On the rescission of sale that
17	would put the vehicle back, as far as Texas law is
18	concerned, back into an original state, so the Lemon Law
19	protection would still exist for the next purchaser of
20	that vehicle.
21	MS. JOHNSON: Okay. We're certain of that? We
22	don't have to change the Lemon Law in order to accommodate
23	that?
24	MR. ELLISTON: General counsel is here and I

would ask for her to address that.

MS. SOLDANO: Right, because it's not considered a sale.

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MR. ELLISTON: The second part of that regarding the bonded title and the \$4,000 on the SPB, that is to set the amount required of the bond, it's not the value of the vehicle for the sales purposes, it's to what they're required to get a bond. A lot of vehicles that we see under the bonded title process may be what they would call a rust bucket that's sitting out in a pasture somewhere that maybe has very little value, but from the agency's perspective, it's very difficult for us to determine is this a restored vehicle that's worth \$100,000 or is it one that's worth virtually nothing. So when they come in on the bonding, we require that minimum for a bond and then they have to get 1-1/2 times the bond amount to protect anyone, and that's strictly from an aspect of they don't have ownership document, we're going to provide them ownership of that vehicle, we're requiring them to post a bond to do that. So we've set that minimum \$4,000 limit has to do with the bond.

MS. JOHNSON: What impact will that have, however, on the collection and the calculation of the sales tax?

MR. ELLISTON: I can't answer that question for you.

MS. JOHNSON: I'm afraid it's going to affect the value of the sales tax, and when you have young people, in particular, who are buying used cars, and let's hope that they're not in a bonded title situation, but if they are, I don't want to unjustly punish them or have that sales tax driven up on a vehicle that, in fact, might only be worth \$2,500.

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MR. ELLISTON: There's typically three ways that you can get on a vehicle 25 years or older, if I remember correctly. You can either do the SPB, if it's not available in SPB you can get an appraisal, or you can get an appraisal from an automobile dealer who does that type of work. So there is an option there.

As far as the \$15 fee for the bonded title, today we charge nothing for that service, however, it is a labor-intensive issue, we have to issue a rejection letter to them, and we have to notice the owner of record because the person who is the owner of record is not the person standing in front of us, that's why they're having to get a bond. So then we have to notice those folks so that they are aware that somebody is trying to take ownership of this vehicle, if that makes sense. So there is a process we have to go through, and currently today there is no fee for it.

MS. JOHNSON: And I guess my view of that is

isn't that our job? Isn't that our job?

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MR. ELLISTON: Yes, ma'am, it is our job, and from a cost perspective, do we recover it or not, and that's at the purview of the board.

MR. INGRAM: If I could add in, would it be true to say, Mr. Elliston, that if the rules were passed the confusion about six months, twelve months actually would go away, wouldn't it?

MR. ELLISTON: Well, there is one other provision in here that talks about six months on the driver's license, but it is a totally different issue away from the ID, it has to do with the registration receipt, so it is a different time frame but it's a different subject matter than the ID piece.

MR. INGRAM: I see. And I guess one issue is if we were to try to look at that and say that's too long or that's not something we want to do, we would have to repost.

MS. JOHNSON: I don't have a problem with reposting. I think that it would be better to repost and reconsider this and make sure people understand that we're going to say it's okay to transfer title without a driver's license.

MR. WALKER: Well, it doesn't ever say that, I don't think. It says valid ID is what it says.

MS. JOHNSON: And a driver's license is one of those valid Ids.

MR. WALKER: Just one of them.

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MS. JOHNSON: One of the items.

MS. RYAN: Can I ask an additional question?

MR. VANDERGRIFF: Please, go ahead.

MS. JOHNSON: And then the only other thing, and I don't know who we need to hear from on this, and I'm not sure that the law as it currently stands even allows us to look at an individual versus a dealer transferring titles. If a dealer comes into my office transferring a stack of titles for a number of his buyers or her buyers, then they are supposed to keep the insurance and the identification information. I think it would be wise to tweak this to allow at least the tax assessor-collectors to view that information. I don't want to keep that information but I would like to certify it's there.

If there is a problem with unscrupulous dealers in the State of Texas, I'm not sure we have enough boots on the ground to round up everybody who is doing it wrong, and how easy it would be in a county tax office to go ahead and validate that information when that title is transferring is seconds, and I think it's well worth it to at least have those documents reviewed. And I don't know if we need input from anybody else to determine licensing

or Enforcement to determine if the procedure is 1 2 appropriate. MR. ELLISTON: If I could make one other 3 comment regarding that, Member Johnson. Also, we are 4 requiring them to collect that and keep it at the 5 6 dealership, but the tax assessor-collector will also see 7 that information on the 130-U because the application for 8 title will capture the number on there, whether it's a driver's license number of whatever number is used will be 9 10 captured on the 130-U, so that will be available. MS. JOHNSON: What about proof of insurance? 11 MR. ELLISTON: Proof of insurance today is not 12 13 required under statute, but that's a statutory, not a rulemaking issue, that dealers are not required to check 14 15 insurance. 16 MS. JOHNSON: But the dealer's purchase, it's 17 the dealer's sale. You walk into my office transferring a title and I'm going to require these documents. 18 19 MR. ELLISTON: That's correct. 20 MS. JOHNSON: But if you're a dealer and you walk into my office to transfer it to Jeremiah, we're not 21 going to ask you for anything. 22 MR. WALKER: You would under the new rule. 2.3 MR. INGRAM: That's correct but not for 24 insurance. 25

MS. SOLDANO: No, not for insurance. 1 2 MR. INGRAM: You'd have to change the statute. Okay, and that's fine, so we need 3 MS. JOHNSON: to change that statute. 4 MS. RYAN: Mr. Elliston --5 6 MR. WALKER: Are we talking about insurance? MR. VANDERGRIFF: Let's move on to the next 7 8 question. September 1, 2013 the rules go into 9 MS. RYAN: effect. What's the significance of that date, and is 10 there a plan in place that supports that particular date 11 that the board can be comfortable that the date we're 12 13 putting in we can back up that date? MR. ELLISTON: Yes, ma'am. One of the real 14 15 drivers for collection of ID has to do with our e-title 16 system, or trying to go to an e-title system. 17 use paper titles and we move those around, but we're wanting to go to an electronic titling system where we 18 19 don't have to do that, and in doing so, we're going to have to have that identification. We are currently in the 20 process of developing what we call our web dealer program, 21 it's an IT project. We currently have a web subcontractor 22 like the grocery stores use, it's a web-based system. 2.3

We're developing one for the dealers also. It's extremely

more complex because we're not just renewing registrations

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but we're also titling vehicles, so it takes a lot more 1 2 programming and all to do. 3 Part of that is we had to get permission from NHTSA and we filed a petition with NHTSA back when we were 4 still TxDOT, I believe, to allow us to do that because of 5 6 the signature piece on the odometer statement. So they 7 required us to have this strict identification piece to be 8 able to move forward with that system. We are currently in the process of kicking off the development of that, we 9 10 believe we're going to be well ready to pilot or already be piloting before September 1 so we need this so that we 11 can require that identification for this system. 12 13 MS. RYAN: So capturing the ID number is in lieu of a signature on the odometer form? 14 15 MR. ELLISTON: For the e-titling piece, yes, 16 ma'am, doing that. MS. RYAN: That will act as an electronic 17 signature. 18 19 MR. ELLISTON: Like an electronic signature, yes, ma'am. NHTSA said they would accept that. 20 MS. RYAN: Validating the mileage on the 21 odometer. 22 MR. ELLISTON: Yes, ma'am. 2.3

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program is going to be part of our regular IT update so

MS. RYAN: Okay. And then the web dealer

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that the board can be confident that the agency is going to meet that deadline and we'll see those updates regularly as part of our IT program?

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MR. ELLISTON: Yes, ma'am, we can certainly get that on the list to make sure that you get updates of where we're at on the web dealer project, and we believe we'll be there. If we're not, well, we'll certainly let you know that we're not there.

MR. INGRAM: What will happen if we're not there? I mean, you're estimating, you're hopeful that you have a pilot program in place. I guess I'm trying to work through this if I sell someone with whatever ID that they've given me but I don't know that it's valid, this all goes into effect September 1, I have to list that number now on the 130-U. Right?

MR. ELLISTON: Correct.

MR. INGRAM: And if the tax assessor is verifying it, as I'm sure Ms. Johnson would like to do, to make sure that that is a valid ID and it's not, but I've already sold the vehicle so now I can't transfer the vehicle. I'm all for e-titling, I'm really looking forward to it, but I'm trying to figure out, I want to make sure that my transaction is not going to get held up, because we had that problem many years ago with liability.

MR. ELLISTON: I believe the answer to your

question is that you will not be held up on your sale. If you collect the information in good faith, somebody presents you with an identification that's not correct, that won't hold up your sale, so that shouldn't be a concern at that point. Now, if I understood Mr. Walker's motion correctly, currently dealers will already be collecting this information starting when the rule goes into effect, but for the first year it will only be restricted to a government-issued ID that has a photo and all the data sets that he mentioned a while ago. The only thing that will change is on September 1 it will go to this strict list instead of just any government-issued ID. Does that make sense?

MR. INGRAM: Well, sort of.

MS. RYAN: Can I ask a question, Blake?

MR. INGRAM: Go ahead.

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MS. RYAN: I'm sorry. I think it's a followup.

I'm looking back through IT projects. My concern on the date is just can we deliver, so if the date is at risk or it's being worked on, we haven't seen updates on it, is it possible that the date isn't there and it's upon our completion or at the point we're ready?

MS. SOLDANO: Can I address that?

MS. RYAN: Yes.

MS. SOLDANO: The beauty of a rule, as compared

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to legislation, is that we can change it. We're going to know several months ahead of time whether or not we're going to meet that date so if we aren't going to meet the date, we can take the rule back up and change the date.

MS. RYAN: So one of the suggestions to that

point then is since this is the first time the board, at least to my knowledge, has heard of the web dealer, or updates, I think we'd probably want to start to see it on IT updates and projects and timelines. We've probably heard, but not in detail. Sorry, I misspoke. I didn't want to put Dawn in the hot seat.

MR. WALKER: That was the whole reason that we got to where we're at today was because of the e-title system.

MS. RYAN: Well, the web dealer, though, regular projects and a completion date of September 1, that deadline has not, I think, been forthcoming or talked about immensely. So I think regular updates would be extremely important to get everyone comfortable with that date.

MR. ELLISTON: We can do that.

MR. VANDERGRIFF: Does our IT effort -- I shouldn't really say IT, our automation effort believe that this date is a good date?

MR. ELLISTON: Yes, sir. Now, will it be fully

implemented where every car in Texas has an e-title? That would not be the case. But we will be in the process, we believe -- now, this is an IT project that's not completed and dates can get pushed and that's why we're having this discussion -- however, we believe that we will, at minimum, be in pilot before September 1 of next year where we will need this information.

MS. RYAN: But a pilot would still need to be tested, so we'd probably end up pushing it, I guess.

MR. ELLISTON: Yes, ma'am. I mean, we don't know September 1 or August or November, I can't give you that.

MS. RYAN: But our plan would be that we would implement the rule at the point we were ready to launch across the whole state completely, which means a pilot might not be that date, the completion of the pilot, so maybe we'd have to change it if we're just in pilot?

MR. ELLISTON: The way I understood the motion was that it would go into effect on September 1 of 2013, irregardless of the pilot or anything else.

MS. RYAN: So moving the motion aside, just as a question, would you consider a pilot as something we'd want to put the rule in place for, we'd be that comfortable with a pilot, or would we consider amending at that point if it was a pilot?

MR. ELLISTON: I believe that we need it in place so that we can move forward. I believe we're going to be in pilot well before that, I think we're going to be very close to implementing, and so that's why we'd like to have the date of September 1 a year from now.

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MR. INGRAM: As a followup question, how can you do the pilot because the pilot would require the NHTSA in place? The ID rules that you'll have in place for the first year don't satisfy NHTSA.

MR. ELLISTON: We would have to pilot, most likely, at a franchise dealer. This has not been decided but most likely we'd pilot in a franchise dealership where they would require a Texas driver's license to do that, if we could find somebody that would cooperate with us in that regard.

MR. INGRAM: Sure. Okay.

MR. VANDERGRIFF: Go ahead, please.

MR. WALKER: What is the reasoning of the acceptance of an expired driver's license twelve months?

MR. ELLISTON: Well, this issue came up as what is current, and initially the rule back when we proposed it was six months and the motion came up to make it twelve months, and the reason that I'm okay with that is what we're concerned is is the data available to us, and DPS in their driver's license files keeps that information way

past twelve months. So that information is available still in a database. I believe all these documents that we're talking about, that information will still reside there, whether it's expired six months or twelve months, it will still reside there.

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MR. WALKER: Does this create a problem at the tax assessor-collector's level or with somebody buying a car and trying to transfer the title, and somebody says your driver's license isn't current so I can't transfer the title? Is that going to create a problem?

MR. ELLISTON: Well, we have some tax assessor-collectors here I think that are going to talk to you in a little bit, but the business rules of this works, if that it's within twelve months, that would be no different for the tax assessor-collector than it would be if it was current today, it's just what the business rules are for processing that transaction.

MS. JOHNSON: I don't think that we accept expired driver's licenses in my office. I really don't know but I do not believe that we do. We use the driver's license to validate, especially if they write a check. I want to know I have someplace to go back to, and an expired driver's license does not accomplish that, so there's potential loss of funds and if I can't recover them, then I go to the agency and they make me whole.

MR. WALKER: Well, there's two different reasons, I think, and Randy can correct me. I mean, you're looking for current information to collect on somebody that doesn't have a good check. What Randy is looking at is correct data, so to speak, that shows that there's -- I'm addressing Randy. How are you trying to capture the information? You can go back in his files, there's a little bit of difference there.

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MR. ELLISTON: The only downside for saying twelve months is the potential that an address change and those sorts of things that aren't updated. But the driver's license number, who the person is, that sort of stuff is going to remain constant, if that makes sense. So that's why we agree that twelve months we'd be okay with, we want to know who the person is, make sure that we could get that information later. It will still reside in the database. The only thing that could change are those transient things that you periodically have to update, like your address. That is a potential.

MS. RYAN: I have a followup question for Dawn.

I'm struggling with our project plan.

Did you get it? It's been driving me nuts.

MR. WALKER: I missed it, now it's on Blake.

MR. VANDERGRIFF: For the record, we have a gnat that's been floating around between all of us here.

(General laughter.)

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MS. RYAN: Can you provide us an update on this web dealer project and the timeline and the pilot and get us comfortable with some time frame of the project?

MS. HEIKKILA: For the record, my name is Dawn Heikkila. I'm the chief operating officer for the Texas Department of Motor Vehicles. I will certainly do my best to address your concerns.

The web dealer project proposal was approved by the governance team several months ago and was placed on the project. It's one of the in-flight projects that I talk about when we do the IT initiative updates. When the e-titles and e-liens project was combined with web dealer, the project proposal was revised and was resubmitted to the governance team I believe at the meeting on Tuesday --it was actually the month before. So we have seen the revised project proposal that widens the scope to include the e-titles and e-liens project and combines. There will be multiple efforts attacking different facets of the project at the same time which I believe is why Mr. Elliston is comfortable with the timeline that he's established for the projects.

Because we've expanded the scope of the project, the potential cost of the project is now over the \$1 million threshold, so documents are being prepared, the

Texas delivery framework project delivery documents have 1 been prepared by the project manager and will have to be 2 3 submitted to the quality assurance team to approve the overall concept as a project. That piece is still in the 4 works and we haven't received approval from DIR to move 5 6 forward. We can begin during this time when we're waiting for approval from the QAT, we can begin project planning 7 8 and resource scoping for the project to make sure that we can accommodate all of the different facets of the 9 project. 10 With regard to specific timelines, I will need 11 a little bit more time to review the proposal, the amended 12 13 proposal, as well as the QAT documents to be able to provide you that. I would be more than happy to try to 14

MS. RYAN: Thank you.

accommodate that at the September meeting.

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MR. VANDERGRIFF: Translated, you can't state definitively that we'll meet next September.

MS. HEIKKILA: I can't state that we will meet in September?

MR. WALKER: Are we going to meet the deadline of September?

MS. JOHNSON: 2013.

MR. WALKER: Unequivocally going to be there?

MS. HEIKKILA: Not without having more time to

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study the enhanced proposal. I apologize. 1 MR. VANDERGRIFF: That's fine. 2 MS. HEIKKILA: But I will make an effort to do 3 that. 4 MR. VANDERGRIFF: And we aren't through 5 6 discussing this rule, but I'd ask at this point if there are any more questions of Mr. Elliston or Mr. Kuntz, who 7 8 has been sitting there, or even Ms. Heikkila at this 9 point. I'll stay here. 10 MR. ELLISTON: MR. VANDERGRIFF: Yes, I was going to ask you 11 12 to stay there, and we'll use this table for the people 13 coming up that are going to give us testimony. Is that okay? Are you ready to move forward? 14 15 MR. WALKER: Certainly. 16 MR. VANDERGRIFF: We do have several people 17 wishing to speak on, for and against this proposed rule, and I'd like to take it in this order. We have two people 18 19 that are here on the rule, I think they have some general comments and maybe it's even, at least in the case of 20 TADA, I think they address some of the questions that Ms. 21 22 Johnson had at the end of the table, so I'd like to take those two first. And then I'll take, a little backwards, 2.3 24 those against, and then those that are for. 25 But with that, I would appreciate the director

of the Department of Public Safety, Steve McCraw. Thank you very much for being here, and to all of you that have been waiting for a long time, I appreciate that patience.

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MR. McCRAW: Thank you, Mr. Chairman, members. Appreciate the opportunity to be here.

I first want to commend the board -- that's always a good way to start with a board -- for what you've done in terms of concerns about identity theft and fraud, and the way you've looked it and even studying this issue right now. I mean, it's important. As you know, the convergence of crime, the globalization of it, the crime with terrorism, the transitory nature of crime today, it's more organized. It's more hidden as well. And your emphasis on the security of documents is notable, commendable and certainly appreciated from the law enforcement side. There's so many things that you deal with that's outside my bailiwick or even my understanding, but I appreciate what you do.

I talked to -- I used to call him Chief
Elliston, I don't know what you call him right now, maybe
Randy -- and he had mentioned that my name keeps coming up
as it relates to the consular matricula, in 2003 I was an
assistant director with the FBI in charge of the office of
intelligence and I was asked to testify before Congress,
and my testimony on it related to the use of it in terms

of the efficacy of it as a document that would be utilized and later codified in terms of the Real ID Act. There were some concerns about it in the Department of Justice and the FBI at that time just simply on the document and the ability to confirm it and its efficacy. The testimony at that time, and it doesn't change today as I appear before you, is that our concern was the ability to validate it, and not being able to do it, the nature of criminals that we operate in Texas, the use of.

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And I use it as an example in terms of foreign nationals, how do you know and why biometrics are so important. We started the Secure Communities initiative with ICE back in 2008, October of 2008, and since that time in our jails we have individuals who were arrested for non-immigration offenses, over 124,000 individuals for non-immigration offenses in our jails. We know this because of fingerprints and running it off the FBI database and the ICE database up in Vermont. Out of these 124,000 we did some checking, we did some back checks against CCH criminal history and determined that over 390,000 individual crimes had been committed by these 124,000 revolving criminals. And of these 390,000 crimes, we had 1,902 of them were murders, we have over 4,500 sexual assaults, rapes, and numerous other crimes that weren't immigration related.

It's important to know that transnational gangs, whether it's MS-13 or you're dealing with one of our prison-based gangs that are operating both sides of the border, they seek the criminal identity. It's important for them to be able to operate in our communities, it's important for them to be able to drive, to get on our highways. And that was the whole point of the Real ID Act and the 19 hijackers, to be out of status and yet be in country, would be stopped by troopers and yet there's no way of knowing.

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So from our standpoint at the department, our rules were adopted based upon the Real ID Act and also supporting legislation during the 82nd Legislature is that we don't use the consular matricula card, we use some of the documents that the chief ticked off. Obviously, if it's a driver's license from another state, and I think the important part, certainly a U.S. passport or U.S. passport card, but for foreign nationals we use the passport because there's international standards and there's state department protocols that can address or redress when we've had violations or there's been too much fraud.

I did go back and try to research, we talked earlier this week, and talked to CBP intelligence.

They've had 79 instances of the consular matricula that

were used, they have cases that were fraud-based cases. That doesn't mean that's the only 79, we have not talked to ICE yet.

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So from the department's standpoint, we do use the primary documents and it will remain as the primary documents. We have something that you're not required to do, the department is required to do under the Real ID Act and so that your driver's license is federal purpose which means that you can fly with it or get into a federal building or on a military installation requires that we determine alienage, and not just in terms of whether they have a passport, whether they have a passport and I-94, I-70, appropriate documents that are issued or the State Department to identify that they're here legally. That's something that the department has on our requirements as a result our function in terms of issuing driver's licenses.

And that's my comments, Mr. Chairman. If there's any questions, hopefully not about bombs or anything else.

(General laughter.)

MR. INGRAM: I have one question. You mentioned about fraud cases that you had. You had how many cases?

MR. McCRAW: It was not us but Customs and Border Protection, they had 79 cases of fraud.

MR. INGRAM: I see.

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MR. VANDERGRIFF: Did you have a followup?

MR. INGRAM: Well, I was thinking about that's fraud using the matricula card?

MR. McCRAW: Yes.

MR. INGRAM: Do we know how many cases of fraud that they had using a Texas ID or Texas driver's license?

MR. McCRAW: We have multiple cases with Texas driver's license and ID.

MR. INGRAM: Multiple meaning lots and lots.

MR. McCRAW: The nature of the criminals that we deal with, they want valid driver's licenses. The challenge that we have, we have two parts. One, technology is such they can produce Texas IDs even with the watermark to the extent that the casual observer, unless you get a magnetic strip, they're not going to see it or you're not going to be able to check the fingerprints to validate that. The other part of that, and we have to be concerned about is internal security. For one driver's license, a cartel member or a gang member will pay up to \$10,000, and we've put driver's license examiners in jail. So internal security, that just illustrates how important to get a valid identity card is for them to operate legitimately -- illegitimately but from a legitimate perspective.

MR. INGRAM: So if they don't have \$10,000, 1 2 they just fake one. 3 MR. McCRAW: If you have the technology, there's some very good fraud examples out there. The 4 advantage of the driver's license that we have, of course, 5 6 is the ability, as we've used technology so you can vet it, so you can validate one to one to one. Yes, this 7 8 driver's license is that person, it is in the driver's license database. Ideally, the migration needs to be to a 9 biometric, a fingerprint, one of the many. 10 11 MS. JOHNSON: I have a question. MR. VANDERGRIFF: Ms. Johnson. 12 13 MS. JOHNSON: Thank you for coming today. really appreciate that you're here. 14 15 You said valid ID. What does that mean to you? 16 MR. McCRAW: Valid ID? 17 MS. JOHNSON: Yes, sir. MR. McCRAW: U.S. military, a valid passport, 18 19 it's one that's been legally authorized and issued by the entity that's responsible for it. 20 MS. JOHNSON: Does current come into that 21 factor at all, or does it matter? 22 MR. McCRAW: It depends from the standpoint of 2.3 24 where you're looking at. Obviously, a Social Security 25 card is always current. We will recognize from an ID

1	standpoint, state identification card is different in
2	terms of how we handle it from a rules standpoint. But if
3	someone comes in with an out-of-state driver's license
4	that's been expired, we can still use it as a valid
5	driver's license because they're going to get it unexpired
6	as soon as they pay their fees and they pass the rest of
7	the validation on the identification.
8	MS. JOHNSON: Do you have any concerns, as
9	executive director of DPS, with us having a rule that
10	allows expired driver's licenses?
11	MR. McCRAW: Well, obviously I'm not supposed
12	to get too out there but I will say this
13	MS. JOHNSON: Oh, please.
14	MR. McCRAW: From a law enforcement standpoint,
15	a valid driver's license, not expired driver's license is
16	a preference. And I get paid to worry about the security
17	and the public safety part of it, not the other aspects of
18	it that you have to take into consideration.
19	MR. VANDERGRIFF: Any questions from anyone
20	else?
21	(No response.)
22	MR. VANDERGRIFF: Thank you very much. We
23	appreciate your time.
24	MR. McGRAW: Appreciate being here.
25	MR. VANDERGRIFF: The next person we have

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that's on the rule is Karen Phillips from the Texas
Automobile Dealers Association.

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MS. PHILLIPS: Thank you very much. My name, again, is Karen Phillips with TADA. And there are only really two issues that I wanted to talk to you today about, and neither of them have to do with the matricula card.

The first has to do with the affidavit issue, and the statute that was passed last session succinctly lays out when the affidavits could be used in order to obtain the paperwork back from the tax office or from the State of Texas, and within that 21-day span of time -- which is what has been suggested -- the statement has to be that the vehicle was new, it was processed of what is defined as a first sale, that the applicant and lienholder have canceled the sale, that either the vehicle was never in the possession of the applicant or that it was in the possession of the applicant, as well as signatures on affidavits from dealer, applicant and any lienholder.

What I'm asking today is that the proposed affidavit not have the paragraph on there that requires the dealer to discuss the effect of the sale, if any warranty has been affected. That's the only paragraph that I'm asking you to delete from the proposed affidavit. The reason for this is because the statute itself does

not outline that the affidavit has to include that information. It's not that I'm asking you to say that this isn't a new car or it's a used car, I'm just saying that the statute does not make this requirement. And if we have to make a special notification to the next purchaser, we now have additional paperwork requirements that we're going to have to be instructed to maintain.

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In addition to that, I brought for you a copy of what we already have to do. Dealers in Texas, as well as over the entire United States, have to put on a vehicle a Buyers Guide. Now, this Buyers Guide is one that has been required by the Federal Trade Commission since about the mid 1980s, and this particular Buyers Guide has to be placed on what is defined by the FTC as a used vehicle. And a used vehicle as defined by the FTC is much broader than what we in Texas define as a used vehicle. A used vehicle for purposes of this Buyers Guide is defined as a vehicle that's been driven more than necessary for even test driving purposes, which means that our demonstrators have to have this Buyers Guide on there.

And this Buyers Guide that we have to complete and place on the window of every vehicle, we have to check whether or not the manufacturer's warranty is in place or not, so we are already having to disclose to the next buyer whether or not a vehicle has had its warranty

impacted. And there's even specific language that the Federal Trade Commission has required that we place on this particular document that states whether or not the manufacturer's warranty is still in place.

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And what the FTC says that we're supposed to place on here is: Manufacturer's warranty still applies. The manufacturer's original warranty has not expired on the vehicle. Consult the manufacturer's warranty booklet for details as to warranty coverage, service location, et cetera. So we're already required to place this particular sticker on the window of every automobile. In addition to that, you'll see the back side has the dealer, the address and whom to see for complaints. It's a two-sided form.

And so before we sell an automobile that is, by definition, used -- in other words, it has more miles on it than for test driving purposes -- we already have to disclose to the buyer about the manufacturer's warranty which is another reason why we don't need paragraph 4 as has been proposed to be placed on the affidavit. So I would ask you to simply follow the statutorily set out requirements that were placed on us by the legislature and not to add to that requirement. That's my first request.

MR. WALKER: So you want to strike 4.

MS. PHILLIPS: I want to strike paragraph 4

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with respect to the affidavit, the sample affidavit that 1 is called Dealer Title Rescission Affidavit for Sale. 3 That's the only thing I'm asking with respect to the affidavit. I think the agency has done a very good job 4 with respect to promulgating and putting together sample 5 6 affidavits, and I very much appreciate that, but number 4 goes outside the statutory requirements as are set out in 7 8 501.051 of the Transportation Code. 9 If there are no questions, I'll go on to my next issue. 10 MR. WALKER: Can we address one issue at a 11 time? 12 13 MR. VANDERGRIFF: Yes, please. MS. RYAN: Number 4 is just if the vehicle was 14 15 in the possession of a prior purchaser, correct, not if it 16 was just titled? Am I reading that right? I shall disclose to the next 17 MS. PHILLIPS: purchaser that it was subject to a prior sale and the 18 19 effect, if any, of the prior sale on the warranty 20 coverage. MS. RYAN: And I understand if the vehicle was 21 in the possession of a title applicant, so somebody took 22 it off the lot, then I shall disclose those things. 2.3 24 MS. PHILLIPS: Correct.

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MR. WALKER: And you're saying that that was

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not in the original cleanup bill?

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MS. PHILLIPS: It's not in the bill, it's not in the statute at all.

MR. WALKER: Why did we add this?

MS. SOLDANO: The reason we added it is -- this is an optional statute, first of all, that this can be used. The current procedure before the statute passed was that the dealer had to literally sue the department to change the record, and what would happen is that the department would get sued, we would answer the lawsuit, and if this language saying you will tell the next purchaser any effect on the warranty, we would agree to the judgment, and that way the lawsuit went pretty fast.

Now, under this statute we do have rulemaking authority, under House Bill 2357 we put rulemaking authority for everything. We have the authority to come up with the contents of the affidavit. But it's not any different from what we do with our court orders now, it's the same paragraph that's in the court orders, and we're just moving it to the affidavit.

MR. WALKER: But we were trying to eliminate some of the court processes, were we not?

MS. SOLDANO: Right. These court processes, everybody agrees, the dealer agrees, the lienholder agrees and the purchaser agrees, so it seemed kind of redundant

to have to go through the courts when everybody is in agreement, so this is basically the settlement before a court suit is every filed, so it saves the dealer, the purchaser, everybody trouble. And the reason you want either this or the court suit is that if we do either process, then since there was no sale in terms of registration, title and taxes, the dealer gets back what came out of the dealer's pocket.

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MR. INGRAM: What is the negative consequences of dropping the paragraph 4?

MR. WALKER: That was my next question.

MR. ELLISTON: If I may address a couple of these issues. I think Jennifer has done a great job of answering most of them, and the reason it was in there was primarily because it was the way the court order process worked today, and the attempt was to make this a short process for the dealers so they didn't have to be at the expense of hiring an attorney and going to court and make this a whole lot quicker purpose.

But also, from a consumer protection

standpoint -- and Ms. Phillips has eloquently talked about

the sticker that goes on the window, I understand that -
we wanted to make sure from a consumer protection

standpoint that if a vehicle was sold -- now, this isn't a

vehicle that was just sold and taken home to test drive

it, this is a vehicle that a title application has actually been filed with the county, so in effect, that vehicle has gone to a new owner -- this was our effort to make sure if that occurred, if it left the lot and somebody had it, it was actually a sale, we're talking about up to a 21-day time period here, that the next purchaser would be advised that that vehicle was subject to a prior sale. And that was strictly the only reason for getting it in there.

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MR. WALKER: Well, there's been some lawsuits,
Ms. Phillips, I think, that is somewhat what has stemmed
this in the past where somebody came in and were going to
buy a car and took it home and the wife says I really
didn't want a blue car, I wanted red, and so the car gets
brought back and she's driven it for a week and the title
actually hadn't been transferred, and so this was going to
give the dealer an ability to take the car back. And so I
think what Randy and what we're trying to do is to make
sure to protect the public to know that the car actually
has been in somebody else's possession, you have to
disclose that to the consumer and let him know that the
car has actually been driven as a purchase by somebody
else.

Is that not simplifying it kind of, Jennifer?

MS. SOLDANO: Yes. You did a good job

explaining it.

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MR. ELLISTON: And I might make one other comment. The emphasis behind that is a lot of manufacturers -- I can't speak for all of them -- when that vehicle is subject to the initial sale, if the dealer processes that, in effect it starts that warranty date at that point. So even thought we rescind it and put it back, then it could be a month, two months, if the vehicle doesn't sell for three months, there could be an impact on the warranty. Because that person buys a car and they're not notified -- and maybe the window sticker does it, I'm not sure -- but if they're not notified of that warranty issue, eleven months later they go into a dealership and say my car is broken, and they go you're out of warranty, that vehicle was put in service back on such-and-such date.

MS. RYAN: The dealer would have the ability to back it out of the system so that the warranty date wasn't triggered, but the dealer would have to take that step also.

MR. ELLISTON: Right. And my understanding is some manufacturers will allow that, some maybe not, or some of them it's a lot more difficult than others to do.

MS. RYAN: That may be. I can't speak for all of them.

MR. ELLISTON: And that was just what, when we were researching it, we came up with. And that was the whole purpose, it's all about the consumer protection piece, that section, so it's whatever we're comfortable with at that point of making that happen.

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MS. RYAN: And as I understand it, your point is that since this is already on the window, 4 is a duplicate step?

MS. PHILLIPS: Yes, ma'am. It's already required to be on there.

MS. RYAN: But since it has to be on there, if it were duplicative, what is the downside? Because they have to sign this affidavit, anyway, it has to be provided. Right? So what's the additional complication, just so I understand it?

MS. PHILLIPS: You're right. The affidavit has to be signed by the person that's backing out of the transaction. The disclosure requirement that is being placed on this by the dealer's affidavit is an additional disclosure statement to the next buyer, whereas, the Buyers Guide already tells the consumer you need to ask about the manufacturer's warranty, it's still in place, but ask about it and ask about the details. And so you're already given notice of the fact that there may be an issue on the manufacturer's warranty.

As far as the other consumer protection concerns that have been expressed here, I don't disagree.

Under 17.46(b)(27) and(26) and (5), we probably already have to tell the next buyer that the vehicle has been the subject of a, quote, retail sale. And there's one case that Jennifer sent to me with respect to an Ancira case which was a motorhome case. It was not a published opinion, it was from our court of appeals but not published. And in that instance the court of appeals said yes, you needed to show this was a used vehicle because it's been the subject of a first sale. I'm not arguing

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with that at all.

My concern is the additional requirements being placed on the seller with respect to additional documentation and such that now will be the subject of an audit by multiple agencies, not just this agency but other agencies. We have the overlapping sort of Damocles that sits over our heads every day with respect to plaintiffs' lawyers, so we know we need to make a disclosure. What I'm suggesting is that let's not put in this affidavit, it really doesn't belong here, the legislature didn't require it to be placed in there, it's really something that is already covered by our Buyers Guide as well as the transaction itself.

MR. VANDERGRIFF: I'd like your answer, if you

could, to the remark that Jennifer made is that their real purpose was to try to give the dealers a quicker way through the process if they wanted to wash away the sale and treat it as a new vehicle again once it had already been titled as a used vehicle.

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MS. PHILLIPS: Whether or not this process achieves that I think is problematic, and the reason I say that is because having spoken to some of my members as well as to attorneys who have been doing this process for multiple years, they have told me that getting a lienholder to sign one of these affidavits is going to be extraordinarily difficult, that's number one. And to get them to sign it within a 21-day span of time probably will not happen.

So even though this is a good system in a non-real world, in the real world it's probably going to be a process that won't be used much. Most of the dealers and attorneys that I've spoken with have told me they'll still have to probably go through the courthouse and go through the judgment process, and I have a copy of judgments that have been entered here. And so as far as the 21-day span of time and the lienholder being willing to sign a document is problematic. But I'm hopeful it will work, I truly do because it will make your life easier, it could make the dealers's lives easier and such.

MR. VANDERGRIFF: I have a followup question, part to Jennifer and part to you, if you know. How many transactions, based on historical business, will this potentially affect in a year? That's a Jennifer question.

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MS. SOLDANO: I'm estimating it's probably about 150 per year.

MR. VANDERGRIFF: And this might be a Jennifer question, it might a Ms. Phillips question. How many transactions would you estimate that now will have to keep this affidavit in order to protect the 150? Do you have an estimate, any guess about the number of vehicles? It would obviously be more than 150.

MS. PHILLIPS: I don't know, I really do not. I know that Jennifer and I also talked about the fact that for the most part the times when we need paperwork back are the times when a mistaken MSO has been submitted, and so this process doesn't help us on the mistaken MSO. And that's typically when we need the paperwork back, and if all I'm trying to do is to get an MSO back, then these affidavits should never even come into play. But we do need to have another process in place to try to get the mistaken MSO back and then to try to tender the right MSO so that we don't have to go back to the manufacturer for a new, correct MSO. That happens more often than this.

MR. VANDERGRIFF: And then you had a second

point? 1 2 MS. PHILLIPS: Yes, I have a second. MR. VANDERGRIFF: Please. 3 MR. WALKER: I've got one real quick question. 4 MS. PHILLIPS: 5 I'm sorry. 6 MR. VANDERGRIFF: I was so hopeful we were moving forward. 7 MR. WALKER: I know. If we remove number 4 8 right here, will we still be able to proceed with the 9 10 thought process that we would not have to go into litigation to get this cleaned up? 11 MS. SOLDANO: Yes. 12 13 MR. WALKER: We would or would not have to go to court? 14 15 MS. SOLDANO: We would still be able to not have to go to court. We could still use the affidavit. 16 17 MR. WALKER: So we could still satisfy our real primary reason and we could still satisfy her by excluding 18 19 this? MR. ELLISTON: If I could make one other 20 comment about that. One of the other issues or concerns 21 22 or thought processes when we did this was because of the Ancira case, the dealer got sued, the person said you 2.3 24 didn't tell me. This is documentation in the file that

they were told. So we felt like it would be good for the

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dealer too so that a year from now the person didn't come back and say hey, my warranty is up, or you didn't tell me this car was sold previously, and then it's the sales representative versus them, you said this, I said this, there would be documentation. That was the other reason for asking for that. And it is an optional process, it's not required of the dealer to do this, they can still continue to do the court order, so it's optional. But that was another point I wanted to make sure you knew.

MR. VANDERGRIFF: And I think you just said that you can still use an affidavit even if we didn't do the rule?

MS. SOLDANO: If you took that out of the rule, we could still use the affidavit, but there is an additional protection for the dealer so they can say I told you so.

Do you mind if I ask a question so we can revise it in what I'm doing? So if we're going through this process but the warranty has two months left on it, if this is on the window of the car, would you be checking full warranty?

MS. PHILLIPS: You check warranty. The FTC has said you check warranty or you can check as is, no warranty. You can check either one.

MR. WALKER: She's asking about the sub-line

under that that says full or partial.

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MS. PHILLIPS: You don't check it. The reason you don't check it is because the ultimate and initial intent of this Buyers Guide was to disclose to a consumer the dealer's warranty. Because there were so many issues having to do with the factory warranty still being applicable and dealers were checking as is, no warranty because that's what they give. Consumers were saying well, what about the factory warranty, and there was a great deal of confusion. So in '88 the FTC said, This is the verbiage you may place on there about the manufacturer's warranty still being in place so that consumers understand the factory warranty is still applicable.

MS. SOLDANO: Thank you.

MR. WALKER: I'm good now.

MS. PHILLIPS: All right. The next issue I wanted to bring up was having to do with the identification rule, and it's the same concern that we talked about several months ago, and that is that lessors, businesses, trusts, governmental entities, organizations are being asked, as I understand from a reading of this rule, to not only present a business card or letterhead identification but they're being asked to present identification from a person with either the lessor, the

trust, the business, the governmental entity, or the organization.

I am very concerned not only that we will have a very difficult time as dealers obtaining an individual's identification document because there will be a reluctance on the part of a business or the government or a trustee to submit to a seller their driver's license or their personal identification for the purchase of vehicles which are not theirs. They are not the owner of those vehicles, the entity is, the corporation, the government is the owner, Enterprise Leasing, for example, is the owner, Johnny Walker's trucking company is the owner, Bluebell Ice Cream is the owner, the State of Texas is the owner of those vehicles.

If I'm the trustee of that vehicle, I'm not the owner of the vehicle, I'm purchasing it on behalf of my person that I'm the trustee for. I don't want you to see my driver's license, I don't want to tender my driver's license to you, I certainly don't want to give you my passport or any other identification document. That's not my personal vehicle, I'm not the owner of that car.

In addition to that, employees change constantly, so if you ask a certain person with Bluebell Ice Cream to tender to you their government-issued ID, whether it's a driver's license, that person may not be

there tomorrow, it may be a totally different person. We have all different kinds of drivers who are driving Enterprise Leasing cars.

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And so I'm asking you to reconsider not asking or coming up with a different methodology to utilize with respect to when you eventually get to e-titling for these types of vehicles that are purchased by governments, businesses, trusts. We need a different method in order to determine identification and do the e-titling for these business entities. I think we're going to have a difficult time, first of all, obtaining the information as the seller. I don't think individual employees are going to want to give you their information, and so I would ask you, once again -- I understand the individual issue, the individual who is the owner of the car, but we have another category over here of government-issued vehicles, government-owned vehicles, business-owned vehicles, trustowned vehicles, and we need a different method with respect to e-titling.

And that's what I'm asking you to do, let's yank those out right now, try to come up with a different methodology with respect to what you want to do for etitling, but for now we need to set these types of transactions aside.

MS. RYAN: Isn't that process already in place,

though? If I'm an entity I am authorizing somebody to purchase because entities can't buy, to authorize that transaction, and then if I have power of attorney as an agent of a company or an entity, I have to prove that I am the person that has been authorized to act on behalf of that entity. So I'm already producing an identification in that particular situation, aren't I?

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MS. PHILLIPS: Not necessarily, not necessarily at all.

MS. RYAN: I'm sorry. From a dealership standpoint, though, when a business buys a fleet of vehicles, I'm 99 percent sure that individual going into that dealership to buy that fleet is being asked for an identification.

MS. PHILLIPS: I'm not going to say that I agree with that, number one. And number two, it's the check that I care about, it's the payment for the vehicles I care about. So if Enterprise Leasing wants to order a hundred vehicles, I'm going to check to make certain that I'm going to get paid before I deliver those automobiles. Blake or Marvin, you may be able to expound on that a little bit.

MR. RUSH: Well, I was going to say because I've got a leasing company that's got nearly 4,000 trucks in it, and those are actually titled in 15, 18, 20 states,

1	most of them are in Texas. Our girl or somebody signs
2	Rush Truck Leasing and they title it and go about our
3	business. This is going to really be hard when you've got
4	fleets like this to do something, and I'm just one of
5	them. I'm sure, Johnny, you've got the same problem.
6	MR. WALKER: We have a leasing company also.
7	MR. RUSH: I don't understand how you do this.
8	MR. WALKER: I call Marvin and order 25 trucks,
9	he brings them over there, they park them in the parking
10	lot.
11	MS. RYAN: But that's different than somebody
12	walking into a dealership buying two trucks for Joe the
13	Plumber.
14	MR. WALKER: I think she's just talking about
15	only fleets here.
16	MS. PHILLIPS: Exactly.
17	MS. RYAN: Only talking about fleets.
18	MR. VANDERGRIFF: Let's make sure we're asking.
19	If we're debating it, that's between us.
20	MS. RYAN: I just was curious.
21	MR. VANDERGRIFF: But do you not when you come
22	in to buy a truck provide a tax ID number?
23	MR. WALKER: I don't provide nothing. Marvin
24	just brings them over there and drops them off in the
25	parking lot and we write a check.

MS. RYAN: If he's going to run out of state, he gives me an INC number and he doesn't have to pay taxes.

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MR. WALKER: A lot of times we even title them ourselves on the trucks because we'll title them out of state.

Question: how would this affect the e-titling system, what number do you need in there for your e-titling?

MR. ELLISTON: Well, that's going to be the question of how do we collect that. And when we're talking about these vehicles, when we're looking at this specifically, if someone walks into a tax assessor-collector's office, let's say to title ten vehicles that they purchased as a business, they come in with the paperwork and say we want to do this. To transfer titles on this eight, they've got a letterhead that says I'm with XYZ Business and Randy Elliston is authorized to transfer these vehicles. The checking of the ID is to verify that the person who's got the letter saying they're authorized is that person to do it.

MR. WALKER: But what identifying number is the system going to look for? That's the question I have. In an individual person it may be a passport number or it might be a driver's license number, but what are you going

to look for under J.H. Walker Leasing?

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MR. ELLISTON: I'm not sure I can answer that question because we were anticipating that we would have one of these IDs that would go in the system for the titling of those vehicles.

MR. WALKER: If you go back to what Colonel McCraw said over here and what we originally did, it gives us something to go back to find somebody that's related to the transaction. And so John Q. Smith, representing J.H. Walker Leasing, is not going to help you to find J.H. Walker Leasing if John Q. Smith doesn't work for us anymore.

MR. ELLISTON: But if there was an inappropriate transfer of that property, and a lot of these, this is high dollar property and you don't buy hardly anything without having to show some kind of ID and you're talking about this type of dollar amount of real property that's being transferred --

MR. WALKER: Every business has a federal ID number. Why wouldn't we just use a federal ID number?

MR. ELLISTON: I don't see why we couldn't do that on these vehicles.

MR. INGRAM: Wait a minute. We didn't make an application to NHTSA with the federal ID number and I don't know if that's even acceptable to them.

MR. RUSH: But I think you're going to have 1 some people that's got their own little private leasing 2 3 company that don't give it to the feds and just title it in their own leasing company. I know that happens. I 4 think you're stirring up a can of worms here, I really do. 5 6 MR. BARNWELL: What do other states do, Randy? MR. VANDERGRIFF: I think we're getting into 7 8 discussion aspect and we're going to have that and I think 9 it's good. Are there any further questions of Ms. Phillips? 10 11 MS. PHILLIPS: I have one add-on here, quickly. It will be brief. 12 13 MR. VANDERGRIFF: I was going to say you have maybe a minute. 14 15 MS. PHILLIPS: Okay. I can do less than a 16 minute. First of all, I would ask you to look at the 17 amount of time it's going to take to educate the dealers to make certain that they put a copy of the identification 18 19 document into the deal file, so please take that into account when you're looking at the effective dates so that 20 we can transition and get a time period to educate them. 21 That's number one. 22 Number two. Would you please consider amending 2.3 24 215.144 to simply add the identification document into the

list of documents that have to be included within the deal

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file so that when we look at 215.144, we see that the ID document is part of that particular listing of documents that needs to go into the deal file so we're not having to go back and forth through rules.

MR. VANDERGRIFF: That's kind of three, you said two.

MS. PHILLIPS: Sorry. I can't count.

MS. JOHNSON: It was less than a minute.

MR. VANDERGRIFF: Yes, it was, it was less than a minute.

(General laughter.)

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Ms. PHILLIPS: Thank you.

MR. VANDERGRIFF: We now have speakers -- and the reason I'm taking the different order is I think that, obviously, the department has presented the rule and we have a proposed amendment to it, and then we still have three speakers that are against it. I think it's appropriate to hear those first, and then we'll come back to the two that are here, and everybody has been waiting patiently to visit.

I do want to note before calling those up that we do have several people here, particularly from the Mexican Consulate, and I want to recognize those who are here. I know you were here both with us in April, so thank you for participating again and being here. And we

also have the branch manager, Alex McGraw, from Oak Cliff in Dallas County. Thank you for being here as well. And then the deputy executive director, he actually is speaking for the rule and I'll go ahead and say this is Mitch Landry from the Texas Municipal Police Organization. He's in favor of it but he's not speaking.

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But in terms of speaking, the first person I'd like to call is John Ames, please, from the Dallas County Tax Assessor-Collector. Appreciate you being here. And I would anticipate, Mr. Ames, that probably just a few minutes of your remarks and then we'll get into questions, and I don't keep time on the questions.

MR. AMES: I was going to start out by saying good morning, but I think it's more appropriate to say good afternoon. After the last meeting, my assumption would be good morning. My name is John Ames, and I'm the Dallas County tax assessor-collector.

As you're aware from my previous testimony,

Dallas County is the second largest county in the State of

Texas. We transfer over 285,000 vehicles a year and

register over 2 million vehicles a year. That's 11

percent of all the title transfers that are processed in

Texas.

I'm very, very pleased at the board's discussion today about this issue. I think the board has

really taken into consideration the comments that were provided by the various people that actually wrote into this. I think there's been some great strides made in this and I think there's some great compromise that's already been made, and I think there's some great compromise still yet to be made. So I will have to say that yes, my card said that I was against the issue, but it's looking more favorable for supporting what I think can come out of today.

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When I was elected by the citizens of Dallas

County, I was elected to collect their property taxes and

transfer and title their vehicles. They expect me to do

that and to protect that money, and part of the job as a

tax assessor-collector is to protect the revenue for

Dallas County and the entities that we reference.

I believe the rules as presented prior to Mr. Walker's amendment today did not do that, they did not provide financial stability for the counties and local governments. In fact, there was a huge negative threat to some of that financial revenue coming into the counties. In Dallas County alone, after a brief informal survey and some number crunching, we estimate that we could possibly lose about \$3 million a year. That's a huge revenue loss for Dallas County.

I want to say that I think there's some room to

work on this, I think that the agency certainly wants to do the best thing and the board wants to do the best thing for all the citizens of Texas, and I certainly want to do the best thing for the Dallas County citizens and the Texas drivers.

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Let's talk about the system. Ms. Ryan makes very good points about the system. Will it really be ready by September 1, 2013? The web dealer system is an offshoot of the web sub system. Web sub has been put into place, it still has a significant problem in it, and not all subcontractors are on the web sub system yet. It was not put in place on the original timeline. We understand that things happen, and I know this agency recognizes the fact that it's difficult to put IT projects in place. It's a huge struggle, and I have to give credit to Ms. Brewster. She's jumped into some big shoes here with the automation project coming up. It's a huge task.

And so I do not feel comfortable that the system will be in place by September 1 of 2013, and I'm really concerned that even if it's in a pilot stage and the rule goes into effect, it's going to affect the people that even aren't in that pilot stage. So I share your concern, Ms. Ryan, on that.

Web dealer does not cover all of the dealers that are out there, it's not going to cover all of the

title transactions after it's put in place. Currently, the way web dealer is written, the dealer will still have to bond to the county tax assessor-collector to use the product, and if e-titles are only available through web dealer, that means that all dealerships in the State of Texas are not going to be able to participate in e-titles. In addition, what about those casual sales? They don't have access to web dealer, they're not going to be able to participate in those e-titles also.

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So I do think there's room for negotiation here. I would offer up my staff, as we've done multiple times in the year, to serve on a development committee to develop the process of how this is going to work. I think we're kind of putting the cart before the horse. We've established a rule when we don't even really know what the process is.

I do believe that Mr. Walker's amendment, the first part of his amendment to accept government-issued IDs, it fulfills the legislature's requirement on this board to make a rule. If you adopt the first part of that amendment without a date on it, you've adopted a rule that establishes ID requirements. As of today, there is no ID requirements, the tax assessor can choose to look at ID or not. Most of us do, we're smart enough to know we need to look at the ID and do the right thing.

I think that if this organization creates a development committee that contacts TADA, TIADA, the tax assessors and we all sit down at the table, we can address a lot of those issues. Ms. Phillips makes a great point about these big companies. I certainly wouldn't want the person who is actually just driving that paperwork in to the tax office to have to give up their ID and now we've got a customer-centric system that's developed around their ID, they're in the company for six months and they're gone, and all the fleet vehicles are listed under their ID. I think there's details like that that need to be worked out.

I also think that e-titling is the way of the future and I'm very proud that Texas wants to be one of the first states to do it, I think that's excellent, but I don't think that once we turn on e-titling everybody is going to go to e-titling right away, there's still going to be paper titles. So I think there's room for negotiation -- in other words, if you want to do an e-title, you have to have a driver's license, a Texas ID. If you have another form of ID that establishes who you are as an individual, you don't have to do an e-title, you can still do a paper title through the tax office. Could it be a little bit slower than e-titles? Yes, it could be. But do we have to make those accommodations for the

citizens? Sometimes we do have to make those accommodations.

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So today I encourage this board to really look at this and say are we making this rule too restrictive too soon. Should the rule really be made, like Mr. Walker's first part of his amendment, to just say we accept government-issued ID at this time. Once we've developed the system that we really want to develop, then we come back and say should we tighten up this rule. fear is that if you adopt the rule today with the September 1, 2013 deadline, we all know how difficult it is to go back and change something that's been done. understand it's just an administrative rule but this one has been on the books for how long now? And so if the deadline gets past for posting to change the rule or board members can't get a quorum that month and the rule goes into effect and it didn't get changed and the tax assessors are stuck with a rule for a system that hasn't been fully developed and deployed yet, it could be a huge concern.

So I am encouraged by the fact that there is some consideration today, I'm encouraged by the fact that you all have heard the comments of people put in place, and I think together we can all work this out to do the best thing for all the citizens.

MR. VANDERGRIFF: Mr. Ames, I have a couple of 1 2 questions, and then I'll open it up to the board if I can. 3 And I appreciate your testimony and you make some good points. 4 These first questions are a matter of just 5 6 understanding the consequences in the county, or potential consequences, because you've obviously done some study. 7 8 MR. AMES: Potential consequences, yes, sir. 9 MR. VANDERGRIFF: Nineteen hundred dealers may or may not be a high number, is that just in Dallas 10 County? 11 12 MR. AMES: That's just in Dallas County, yes, 13 sir. MR. VANDERGRIFF: And one of the issues that 14 15 I've always heard, I mean, I know that there's a certain 16 number of franchise dealers, a little over 1,200 in Texas, the new vehicle franchise dealers. 17 MR. AMES: There's 154 in Dallas County. 18 19 MR. VANDERGRIFF: That I know, that is one number I know. But what makes up those 1,900 dealers? 20 mean, a lot of that is the independent dealers, but I'm 21 just curious because you obviously came up with a number 22 there. 2.3 24 MR. AMES: Sixteen hundred and fifty of them

are independent and 154 are franchise, that's what makes

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up the 1,900 dealers. Four years ago there were 2,300 dealers in Dallas County.

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MR. VANDERGRIFF: Well, obviously the economy took a toll from 2008, for sure.

And then loss of \$3 million a year, you're probably aware there's a Comptroller's report from about six years ago that says that you have, quote, from undocumented workers about \$176 million loss to the State of Texas of which about \$45- or \$46 million is from sales tax revenue. So Dallas County's size, I'm not necessarily disagreeing with that number potentially as a loss for you there.

But you mentioned about 10.12 percent of the transactions, are most of the transactions in the independent side of the business? Because I don't know of too many new car dealers who deal where they wouldn't have to get a driver's license because lenders would require that.

MR. AMES: As I commented to you, Chairman

Vandergriff, in April when we left here, we were going to

go back and we were going to do an informal study in

Dallas County. A study had not been done at that point.

And so we asked the dealers in Dallas County if they would

voluntarily tell us what kind of ID they accepted. We

didn't ask for a copy of the ID, we just said here's a

piece of paper, you check what kind of ID you accept. In
that 45-day period, 458 dealerships responded to that
survey, and of those 458 dealerships, 10.12 percent
accepted the matricula form, the matricula consular card
as the ID for that particular sale.

MR. VANDERGRIFF: So the 10 percent is really
of the number of dealers who accepted it.

MR. AMES: That's correct, of the number of dealers who accepted it.

MR. VANDERGRIFF: Okay.

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MR. AMES: And so we extrapolated that out.

Obviously, I'd love to be able to study a full year, I

don't have the data and we don't have the time to stop and

look at this for a full year. But should we take the

time? I think we should, I think we should take the next

year and look at this.

MR. VANDERGRIFF: Well, you're also extrapolating the financial impact to some degree based on hard dollars that you collect but 10 percent of the dealers, so I kind of see the math.

MR. AMES: So whether it's \$300,000, \$3 million or \$30 million, it's still financial impact.

MR. VANDERGRIFF: So then my followup question is does Dallas County keep any statistics with respect to the financial loss from drivers with accidents caused that

don't have a driver's license?

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MR. AMES: Not in the tax office, no, sir. That's not under my purview.

MR. VANDERGRIFF: It's about a half a billion, it's pretty significant across the state, so probably a fair percentage of that, similar to the sales tax losses.

MR. AMES: But are you assuming that everybody who is driving without a driver's license and had a wreck is somebody who would carry a matricula card?

MR. VANDERGRIFF: No, absolutely not. All of these statistics are never exact. Your sales tax statistics, you're estimating, and we're just saying there is a huge problem from accidents, there's uninsured and then there's folks that don't have driver's license, and from that number it's about a half a billion.

MR. AMES: Which is one of the reasons why I would encourage this board to take this year and ask the State Comptroller and do an official study on this.

Obviously, the agency has looked at some numbers and we've looked at some numbers, but really, the State Comptroller is an independent accountant for the State of Texas and who's going to be affected mostly by the sales tax on this should have the opportunity to address this, to research it, and to give a report.

MR. VANDERGRIFF: Well, for your information,

the Comptroller stands behind the report done in the previous administration where it is roughly, across the state, from people without a valid U.S. ID is probably about a \$45-46 million a year impact across the state.

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MR. AMES: But that was a study done based on total sales, this would be a study focusing on vehicle title transactions.

MR. VANDERGRIFF: But that's where a lot of that sales tax comes from.

Then the next question I have for you is what happens if this board did, as you've requested, and does not have a hard date and it instead says that when web dealer is active, what happens if all of a sudden web dealer is up in six months or eight months? By virtue of passing a rule where we require a valid ID, as you said, you would be in favor of that, but by not having a date, which at this point in time would give the industry at least a year to adapt to that and then we say that as soon as the system is ready, it's live and we go, what is your concern or response about that? Because now, all of a sudden, we have the system up and it may be faster than year.

MR. AMES: Let me clarify my statement on that.

I support the first part of his motion that just says a
government-issued ID, I do not support narrowing it to the

only four IDs that have been discussed.

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MR. VANDERGRIFF: That's what I was getting to.

MR. AMES: I do not support that at any date, and that's what I'm saying that we could work to develop a program that would include all IDs and still be able to have the e-titling go live. Obviously, if part of the e-titling is that they must have a Texas driver's license, then if you want to have your title be done through e-titling, then you'll have to produce Texas driver's license. Otherwise, there's always other means of titling a vehicle.

I'm sure you're aware with every piece of legislation that's passed in this industry, there's a work-around that has to be done. Even today, there's no place to gather this information. The system provided to the tax assessors today doesn't have any place to gather this information. And so I seriously doubt we're going to make a copy of it and send it to you guys and you guys are going to gather it anywhere. If it doesn't go on the system, it doesn't matter.

So if it's put in place sooner than that, then
I would say at that point a rule needs to be brought
forward that would properly address after the system has
been developed so you understand the true needs of it. I
think that we're putting rules in place before we

understand the true needs of what's required.

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MR. VANDERGRIFF: Last question and then I'll turn it to the board, and this kind of goes back a little bit to what I said before. So obviously, you'd support a study on the economic impact which I would assume then, if you want the full economic impact, that would have to include a study involving accidents with workers or individuals who do not have a valid driver's license.

MR. AMES: I agree with that, and I think that study is going to be a tremendous undertaking. But I also think then it comes back to this board and they need to put it out because it may save the state money on one side and cost the local counties money. Well, in my opinion, that's an unfunded mandate to the counties. So you can't pull the bread out of the counties to put in the state's pocket.

MR. VANDERGRIFF: Is your argument then -let's just say hypothetically that the insurance loss, as
has been documented, or it's an economic impact of a half
a billion, and let's just say for the moment that the
economic impact from the loss of sale tax revenue is \$45or \$50 million that the Comptroller has indicated, and
Dallas County gets its fair share of that based on its
population percentage, or according to the percentages
that you've done, then it's logical -- again, I'm not

saying those studies are accurate but that's the numbers 1 on the table right now -- but those are logical, that the 3 loss from people without a driver's license having accidents is higher than the loss of sales tax revenue, 4 and if that ended up being the case, then I think I heard 5 6 you saying that it doesn't really matter because the counties are going to be losing money, but yet wouldn't 7 8 the county, as a whole, be better off? 9 MR. AMES: What I'm saying is if you can 10 directly attribute that to the use of the matricula and 11 transferring a vehicle title and the county is going to save money on one side and lose money because they didn't 12 13 accept the matricula, then that's a reasonable discussion for the county commissioners to say are we willing to save 14 15 money on the left hand and lose money on the right hand 16 and have it be an overall policy. I think that's 17 reasonable. I think I'd like to see that study. MR. VANDERGRIFF: Thank you. 18 19 Does anybody have any other questions? MR. AMES: Yes, Mr. Walker. 20 21

MR. WALKER: What ID do you require today to transfer a title?

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MR. AMES: We accept all the IDs listed in here seen today, including the matricula card.

MR. WALKER: Are they required?

ON THE RECORD REPORTING (512) 450-0342 MR. AMES: Yes. We require to see an ID to transfer a title.

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MR. INGRAM: I don't want to get into a discussion but just a question. On the study on the non-licensed accidents, does that also include licenses that are expired and Texas IDs?

MR. VANDERGRIFF: Everything is in it, it's not broken out, it doesn't single out guest workers or foreign workers in the county, it just is losses, period.

MR. INGRAM: So that amount would be not realized, really.

MR. ELLISTON: If I could clarify that just a little bit. The information we derived from that came out of the crash information system. I can't say for 100 percent sure that every one is this way, but I would venture a guess that 95 percent plus would be correct. If a police officer is working an accident and he has a driver's license number, whether it's expired or otherwise, it's going on to the report. So what we took was there was none there, so I believe that would be primarily where a driver's license did not exist or they were not able to find one by means of either the person providing it to them or through name and date of birth through the driver's license system.

MR. INGRAM: That's kind of an assumption, and

then also the ID, if they just had an ID which we will be accepting would also be included in that total. I just don't think that total number will be realized.

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MR. VANDERGRIFF: I would stipulate this that I'm not sure after seeing numbers from all different directions that I know what any of it really means, and I think that probably the sales tax loss would not be as great as those who are concerned about not being able to use particular forms of ID are indicating, nor will the insurance savings be as great as would be indicated from some sources. I think that people are resourceful in being able to move forward and mitigate loss or benefit, either way, so I would say that. But the point being is there's more to this than just a loss to revenue at the county.

MR. AMES: Yes, there's a lot more to this, and my point being I think we are putting a rule in place before we've fully, fully researched it.

MS. RYAN: Can I clarify the \$3 million? You stated that, I think if I understood, the study that you determined was that by not accepting the matricula card your study would have an impact, and that was an annualized number of \$3 million?

MR. AMES: Potential loss. Yes.

MS. RYAN: Potential. And you said 458 dealers

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responded, 45 said they accepted it with a 10 percent of dealer volume. Did you weight in the sales volume of those 45 dealers?

MR. AMES: I didn't say 45 dealers accepted it,
I said 10 percent of the transactions submitted by the 458 dealers.

MS. RYAN: Transactions. So that wasn't a dealer count?

 $$\operatorname{MR}.$$ AMES: Almost all the dealers accept the matricula of the 458.

MR. VANDERGRIFF: Well, and that changes your numbers a little bit, because if it was 1,900 dealers and 458 and they said 10 percent of their transactions, how do you know what the number of transactions with the 458 are? If you've got 458 dealers and they say 10 percent of their transactions, well, if each dealer gave you the amount of annual transactions they did --

MR. AMES: Here's my point, there's a potential negative revenue loss. And so we could argue about how the numbers come up, every single one of us could take those same numbers and come up with different numbers.

MS. RYAN: I'm not trying to argue, I just want to clarify in my head as I think this through. So 458 dealers submitted, you said they had a form and they got to just check off what identification they took.

1	MR. AMES: Correct.
2	MS. RYAN: And 45 percent of the dealers that
3	responded
4	MR. AMES: No.
5	MS. RYAN: There's two factors to your
6	annualized, again, in my head: total volume of dealers
7	that accept the card because some dealers didn't, and then
8	the volume. Right?
9	MR. AMES: Of the transactions we surveyed, 10
10	percent of those transactions were through the matricula
11	card.
12	MR. VANDERGRIFF: Of the 458 dealers who
13	responded.
14	MR. AMES: Correct.
15	MR. VANDERGRIFF: Ten percent of their
16	transactions.
17	MR. AMES: Correct.
18	MS. RYAN: But volume of total weighting of
19	that 458, and your total sales didn't come into that.
20	MR. AMES: Again, it was an informal survey
21	over a 45-day period.
22	MS. RYAN: Okay. Thank you.
23	MS. JOHNSON: Can I ask a question? Mr. Ames,
24	thank you for coming, and I know it's been a long meeting
25	and you have a long drive, all of us do. Do you know what

is the impact of illegal immigration on your county? 1 MR. AMES: No, I don't. It's not an 3 immigration issue for me, it's a revenue issue. MS. JOHNSON: Well, would you not agree that 4 your county is, indeed, raising taxes and collecting funds 5 6 that are, in part, being paid because of illegal immigration in Dallas County? 7 8 MR. AMES: I don't ask when they come pay their taxes if they're legal or not, ma'am. 9 10 MS. JOHNSON: I don't either. As I understand it in several of the documents I looked at, some of them 11 from Homeland Security, some from FBI, some from DPS, it 12 13 states -- and correct me if this is wrong -- it says that Consular ID cards are only needed by people who aren't 14 15 legally in the U.S. Today the legislature has in place a 16 law that says you have to be a citizen in order to have a 17 driver's license. Right? So how do you feel about your wife and children driving down I-45 beside an uninsured, 18 19 unlicensed illegal? Is that okay with you? My personal opinion on that matter 20 MR. AMES: doesn't have anything to do with this discussion. 21 MS. JOHNSON: But it does. 22 MR. AMES: No, ma'am, it doesn't. A the tax 2.3 24 assessor-collector I was elected to collect the revenue

and to put vehicles in the proper title. So if somebody

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1	owns a vehicle, I want that vehicle to be in their name,
2	and so it doesn't matter what color they are, what gender
3	they are, what age they are, or if they're in this country
4	legally or not. If they're going to drive a vehicle on
5	the streets of Dallas County, the title should be in their
6	name. As the tax assessor-collector and an agent of the
7	Department of Motor Vehicles, my job is to make sure that
8	the vehicle's title is in the owner's name.
9	MS. JOHNSON: But, sir, you've also taken an
10	oath of office, as have I, to uphold the laws of Texas
11	which say you have to be a U.S. citizen to be a licensed
12	driver in Texas.
13	MR. AMES: I don't have any legal enforcement
14	to do that, Ms. Johnson.
15	MS. JOHNSON: Sometimes you have to look at the
16	difference in the benefits and the costs.
17	MR. AMES: Sometimes we need to step outside
18	our bounds.
19	MS. JOHNSON: Is the \$45 million worth

MS. JOHNSON: Is the \$45 million worth potential billions of dollars of loss.

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MS. RYAN: We can't always assume, too, that a purchaser is the driver.

MR. VANDERGRIFF: I would ask us to not argue, necessarily, with the witness, but just ask the witness questions.

1	MS. RYAN: Just because I buy a car doesn't
2	mean I'm driving it. I may purchase a car without a
3	license and have somebody drive it, or for a child.
4	MR. VANDERGRIFF: This is board discussion as
5	we debate this. We really need to continue if we have any
6	more questions.
7	MR. WALKER: I have one question.
8	MR. VANDERGRIFF: Please.
9	MR. WALKER: Dallas County, Lupe Valdez, you
10	obviously know her.
11	MR. AMES: She's our sheriff, yes, sir.
12	MR. WALKER: She wrote me a letter.
13	MR. AMES: She wrote all of you a letter.
14	MR. WALKER: It says here that this is going to
15	affect her \$30 million. You said \$3-, how does she get
16	\$30-?
17	MR. AMES: \$3 million is of the county and
18	approximately, if you extrapolate the number of the sales
19	tax out, possible impact on the sales tax to the state of
20	\$26 million. In her letter she didn't say it would affect
21	Dallas County \$30 million, she said it would have a
22	financial impact of \$30 million.
23	MR. WALKER: Did she use your numbers?
24	MR. AMES: She did.
25	MR. WALKER: So she said that if Dallas is \$3

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million then I'm going to multiply that times --

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MR. AMES: No, sir, that isn't what she did. The \$3 million is only the county's portion of the sale tax and fees.

MR. WALKER: How did she get to \$30-? Do you know?

MR. AMES: Yes, sir.

MR. WALKER: I mean, you must have got together on this.

MR. AMES: In my letter to the board I state that \$268 million in sales tax come from Dallas County, \$13.4 million of those are kept for our annual commissions. Ten percent of that revenue, \$26.8 million is sales tax to the state and \$1.34 million is the financial impact to the county. When you add those up together, you get around that \$30 million, including the \$1.8 million in fees that we would collect, so that's how she came up with the estimate of \$30 million.

Again, we're not saying that \$30 million is going away, \$3 million is going away, we're saying it's going to have a negative financial impact and we want to further study to understand that. And all the letters you received from the elected officials in Dallas County -- because we did all talk about it, Mr. Walker, we talked about how it's going to affect our county and our citizens

because we're all elected by those citizens, how is it 1 2 going to impact Dallas County -- we said we urge you to 3 stop and study this further before you go forward with this rule. 4 MR. VANDERGRIFF: Thank you, Mr. Ames. 5 MR. AMES: Any other questions? 6 MR. VANDERGRIFF: Any other questions? 7 (No response.) 8 9 MR. AMES: Thank you. MR. VANDERGRIFF: And we have Tina Morton, who 10 11 is the tax assessor-collector in Travis County. MR. WALKER: She doesn't have to go very far to 12 13 get home. (General laughter.) 14 15 MS. MORTON: We've all been here a really long 16 time today, and I don't want to reiterate anything that 17 John said, he articulated all the points that I had to make very clearly. But I do have a letter from an 18 19 independent auditor that's short and I think really worth reviewing for you. It's from a Mr. Carlos Rodriguez. He 20 is affiliated with Eagle Motors here in Austin, and he 21 22 says: "I've been working in the auto industry in 2.3 24 Travis County for 25 years. Recent U.S. Census places

Travis County inside the top ten counties in the entire

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country with the highest number of Mexican nationals.

Most of these people will not have a Texas driver's

license or a Texas ID. The vast majority of these people

have a Mexican matricula consular card as a form of ID.

Keep in mind, as well, that many of these Mexican

nationals who still have a Texas driver's license will not

be able to get it renewed once it expires due to the

requirement of a Social Security number.

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"I just spoke with several friends of mine who are owners of independent dealerships in Travis County, and most of us agree that anywhere between 60 and 80 percent of our customers provide the Mexican matricula as a form of ID. Three of these auto dealers alone sell 500 vehicles per month on the average. The impact on the loss of vehicle sales tax revenue for Travis County will be tremendous. Many auto dealers may be in danger not just of losing sales but of losing their businesses. No business can take a hit of losing 60 to 80 percent of their business.

"I hope you take these comments in consideration of your final decision of this matter. Many statistics show that the State of Texas has absorbed one of the least powerful impacts in the country's recession. Let's keep it that way."

And his last comment is: "Say no to loss of

vehicle sales revenue for Travis County. Sincerely, Carlos Rodriguez."

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That's really all I wanted to present. I think that John covered everything else.

MR. VANDERGRIFF: Can I ask you a question, just an operational question for the county? My understanding or belief that a significant number, if not the vast majority, of the sales in this category that you're talking about are really -- and I don't have any statistics to back me up, I'll say that for the record -- but from what I hear from people, it is in the so-called tote-the-note type business, that that's the ones that do that. Do you have any issue or concern, because the dealers, of course, have up to 45 days to title the car, do you have any issue or concern with dealers not titling those cars, and do you have any audit issues that come up that you're having to deal with that particular issue that dealers fail to title cars, whether they're in the tote-the-note business?

MS. MORTON: You know, I don't have any facts at my fingertips to really respond to that, but I know that the sentiments of the dealers, as portrayed in this dealer owner's letter, and also, we did an informal survey also.

MR. VANDERGRIFF: Well, I know what their

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1	sentiments are. I meant in terms of from an operational
2	perspective in your county, in this county, do you have
3	any issue with dealers not remitting the sales tax in a
4	timely manner.
5	MS. MORTON: Yes, we do have some issues with
6	that.
7	MR. VANDERGRIFF: All right. Thank you.
8	MS. MORTON: I understood your question.
9	MR. WALKER: Question. So it is your opinion,
10	and the letter and the testimony that you made before this
11	committee today that 10 percent of the drivers in Travis
12	County drive without a driver's license?
13	MS. MORTON: No. It was 11 percent of the
14	transactions that we surveyed for 90 days, they presented
15	the matricula as a form of ID.
16	MR. WALKER: The only reason you would use a
17	matricula today is because you do not have a driver's
18	license. Correct?
19	MS. MORTON: I'm not sure that's true, but in
20	our survey it showed that 11 percent of the IDs collected
21	for proof of purchase or at the purchasing time were
22	matricula cards.
23	MR. WALKER: So in a 90-day period that you did
24	a study in Travis County, 11 percent of the transactions
25	for transferring titles were a matricula card, people who

1	don't have driver's licenses.
2	MS. MORTON: Yes.
3	MR. INGRAM: Was it dealer only or all
4	transactions?
5	MS. MORTON: No. That was independent dealers
6	and franchises.
7	THE WITNESS: I just find that shocking.
8	MS. MORTON: It wasn't over the county, we
9	didn't do over-the-counter.
10	MR. VANDERGRIFF: Thank you very much.
11	Appreciate you being here.
12	The last speaker in the negative category is
13	Jeff Martin from the Texas Independent Auto Dealers
14	Association. And I don't mean to suggest that you're
15	negative. I apologize.
16	MR. MARTIN: I'll see what I can do.
17	MR. VANDERGRIFF: I'll stipulate he's a good
18	guy.
19	MR. MARTIN: Thank you, Mr. Chairman and board
20	members. For the record, my name is Jeff Martin, and I
21	represent the Texas Independent Automobile Dealers
22	Association.
23	I'm testifying on agenda item 4 pertaining to
24	Texas Administrative Code 217.3 and 217.2, and there's a
25	chance that in light of Board Member Walker's amendment to

the motion that I could go from against to at least on and possibly for.

And I killed four gnats earlier, for those of you keeping score. I've got all kind of good things going on right now.

(General laughter.)

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MR. MARTIN: We are encouraged by our latest conversation with the agency and support the philosophical approach offered by Board Member Walker with his amendment, and certainly I want to thank Mr. Elliston and Mr. Kuntz in all of their efforts working with us on this issue.

We are still struggling to understand the need for the hard date of September 1, 2013 specified in the proposed amendment. We would urge replacing the September 13 deadline with language that would allow the board to determine when the department has the ability to verify the authenticity in real time of the identification documents listed. This would allow the agency to continue moving forward with the e-title system and the web dealer development, it would satisfy the legislative requirement imposed with House Bill 2357. Simply put, board members, we feel like we should spend some more time working on the development of the web dealer as well as e-titles, or at least clearly understanding how that system is going to

function before we introduce any more restrictive rules.

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And with that, I will thank you for you time and be happy to take any questions you may have.

MR. VANDERGRIFF: Mr. Walker, did you have a question?

MR. WALKER: I don't think so. I was just going to make a comment that I think stating it the way that you just said where that the board have the latitude to do that at any time, that doesn't really explain to the general public when it's going to take place. We have to have rules in place that somebody could open the book and say this is effective dates and times. It just can't be at a random time in the rules.

MR. MARTIN: I understand that's not a question, and what I'm trying to stress more than anything -- and again, I want to stress that I do appreciate the philosophy that we've taken in the last couple of weeks -- this is a big issue, and certainly you've heard to tax assessor-collectors, I'm sure you're about to hear some information from some witnesses who certainly support the rule as it was originally proposed. However, we feel like it is a big issue. I heard you say that's shocking when you heard the number 11 percent, and what we were trying to inform the board about, and really I think the state, about the financial impact that a rule

like this could have.

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And so again, we're encouraging, whether it's a year or longer, give everyone an opportunity to step back and say what is the financial impact going to be to the state, obviously to the agency, and to the dealers which I represent.

MS. RYAN: I have one to your point. So we could then make it January 1, 2014. We can still honor a hard date, unless September 1 is something going on.

MR. WALKER: You have to have a hard date in the rules, I think.

MS. RYAN: Okay, but it doesn't have to be September 1, if the hard date is an issue.

And then my next question is -- I guess we could look at a different date if we need a hard date -- but you made a comment, and this is clarification so I guess I'm going to repeat your comment and look for clarification is that validating authenticity is what e-titling will do, and it's my understanding that we're not validating anything, we're just capturing a number. Is that correct?

MR. VANDERGRIFF: That ties a driver to a vehicle.

MR. ELLISTON: That's correct.

MS. RYAN: But we're not checking at that

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particular point in time. Right?

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MR. ELLISTON: That's correct. It was never the intent that these IDs necessarily be able to validate them on the spot when this occurred. Now, obviously we would like to be able to do that and we will work towards that, but that was not the impetus behind this. We have to have that information when we do our e-titling but it wasn't that there was going to be verification right there on the spot.

MS. RYAN: Because you mentioned earlier that the capturing of that number was with regard to the electronic signature for NHTSA with regard to the odometer statement. There wasn't an initial thought of the real time validation. Correct? They're two totally different issues.

MR. ELLISTON: Yes, ma'am, that's correct.

MS. RYAN: Okay.

MR. INGRAM: So a followup question. What happens with the new re-factoring of our data and going with to customer-centric and a deal comes through after this goes into effect and that number does not match up? In other words, it comes in and it's either a fake ID or I don't know what happened, but something doesn't happen right, so our customer-centric database says that ID is no good. What happens then?

1	MR. ELLISTON: Well, currently today we don't
2	capture that information so our database today doesn't
3	have that information in there so it's not going to be
4	verifying back against that.
5	MR. INGRAM: Sure. In the future.
6	MR. ELLISTON: In the future when it does,
7	we'll have to go in then and look and see why is that
8	occurring, you know, has somebody inappropriately
9	transferred that vehicle. And that's part of the impetus
10	behind there. However, when you get to the customer-
11	centric part, if they've got let me step back. On a
12	new vehicle there would not be that information in there
13	necessarily with that particular vehicle, but then when
14	they go to transfer it later, if you don't have that same
15	number, then it would not allow you to transfer if that
16	makes sense.
17	MR. VANDERGRIFF: While we've got Mr. Martin up
18	here, are there any questions more of him?
19	MS. RYAN: Thank you.
20	MR. WALKER: Thank you, Jeff.
21	MR. VANDERGRIFF: The last two speakers that we
22	do have, their testifying for the rule as it's written.
23	The first is Kenneth Maun, who is the tax assessor-
24	collector in Collin County.

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MR. MAUN: Interesting day. I've not attended

any of these meetings and I now know why.

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(General laughter.)

MR. MAUN: God bless you all. My name is

Kenneth Maun. I'm you friendly Collin County tax

assessor-collector, have been for 27 years. That includes

McKinney, Plano, Frisco, for ease of reference. I'm to

the north of the questionable one back here from Dallas

County.

I think we're here talking about the adoption of rules that were passed in the last legislature. I think that was a year and a half ago, and we're six months from starting a new one. The ones proposed for ID, which is all I'm really addressing, although I'm perfectly willing to open it up, are for the legal transfer of automobiles.

When I'm dealing with cars, I look at about 30 percent of it as being the legality in the transferring of the title, et cetera, and the other maybe 70 percent being collecting the taxes. Second would be identification of the people who are actually buying the vehicle, where it's expected to be located so there is some kind of public record. And the third is for law enforcement information because these things are out on the road and all of them have wheels.

The requirements here are pretty much similar

to what's happened in voter ID and driver's license. The intent is to get accurate information -- at least that's what I'm assuming it is. The identification for these other transactions are legal documents provided by the state or the country -- I'm specific, United States.

I talked to three of my commissioners yesterday because I wanted to see -- I was told John had tried to get some kind of support passed by the Dallas Commissioners Court, so I talked to three that I could catch yesterday, and they all agreed with me that we seem to have an issue of border security in Texas and in the United States, we seem to have questions about who's legal or illegal, and they all supported the fact that the moral ground in this whole issue is U.S. citizens.

That's the attitude I have, regardless of the fact that I'm a tax assessor-collector. I'm a citizen of Texas and the U.S., and a lot of the things that are raising issues around here aren't members of the U.S., and if we go to Mexico, we damn sure won't get that kind of honor. They're treated a whole lot better here than any of us would be treated there.

Matricula consulars, they're really for illegal people. I mean, if you're legal you've got a passport, you've got a green card, you've got a driver's license, you've got something that works. If you're illegal, that

doesn't happen. But you can go to the consulate and get it, and I'm sure that every illegal who's come across the border isn't carrying a birth certificate and every one of them carries picture ID that identifies who they are. And everything I've read on the internet says that the FBI, Immigration and Homeland Security have found multiple IDs with multiple people, the same people, and the system is insupportable.

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I can tell you that in our office we have not accepted matricula consulars for anything at least since 2004. I asked several people in my office when that had happened, and they showed me a memo that I had signed in 2004, so it happened at least by 2004. We don't take them. The problem is that we don't have mandates on what's to be accepted for titles anyway.

No, we don't look at what a dealer brings in.

The dealers, my franchise dealers do the bulk -- not the bulk -- they do over 50 percent of the title transactions that happen in Collin County. I would say that unless people are paying them cash, they're giving driver's licenses simply because if you're going to finance it, they're going to want driver's license and insurance.

That's part of the reason I don't worry about them. We do a minimal review to make sure that the items included are what's asked for by TxDMV and get on with the business

because I'm not staffed enough to double check everything they're doing anyway.

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John Ames has talked about -- well, he actually circled the bush on the matricula consulars. He talked about governmental identification and I knew that he was circling that because it had Mexican government questions. All he's talking about is money, he's not talking about what's right, what's good for Texas, what's good for the U.S., all he's talking about is money.

And as I heard the clarification -- I want you to know I'm an accountant, I was a CPA, I've let that go because I was in tax assessor-collector for 15 or more years when I let it go -- if you've ever made a budget, you use the right numbers that you want in order to accomplish something. John is extrapolating a 10 percent based upon his response. If his number is even -- if the real number is even 50 percent of what he's quoting, it will surprise me, because the bulk of the sales tax that clears my office is coming from our franchise dealers, the bulk of the cars that are coming through on matriculas or tote-the-note places, that's not even 50 percent -- the values of them aren't even 50 percent. It's not a major thing in Collin County.

We look at this stuff pretty seriously because my quote to our people, and everyone of them knows it, is

I don't want Collin County to be the armpit of Texas. And if somebody is going to be playing games, I want them somewhere else and they leave. We don't have people keep coming back because we hold a standard.

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September 1 of 2013, why do we have to wait for a e-program in order to establish standards for transactions? Why can't we pass what we've got right now and modify it as appropriate? That's why there's a meeting today. This is the third time it's been published, I'm under the impression. Why not take what there is and start doing some other things? I'm perfectly willing to participate in some kind of a study that makes sense and that we can.

Answers on what other people have said. We're required to have a valid insurance card when we process a title or a registration. That means it's in effect today. It may expire today but if it's in effect, we can take it. Why are we accepting 12-month-old driver's licenses? I don't know that it's necessary, but if that will help on the adoption today, let's do it and get something running. It's only been a year and a half.

Checks, in order for us to accept a check, you have to have a driver's license plus the car has to be registered plus you have a pre-printed check with that same address on it. We don't get those with consular Ids

because they don't have a driver's license. 1 MR. VANDERGRIFF: Mr. Maun, I apologize because 2 3 you've been here a long time but I would ask if you could kind of wrap up as soon as you can. 4 MR. MAUN: I think I've said it: move adoption 5 6 of the rules as published and then modify. 7 I don't know about accidents and values. I 8 know that the number of transactions that are involving matricula are relatively minor and they're not high value 9 10 vehicles. I'm perfectly willing to answer any questions 11 12 you might have. 13 MR. VANDERGRIFF: Does anybody have any questions? 14 15 MR. WALKER: One real quick. You just said the 16 number of transactions with matriculas is very minor. 17 Prior in your testimony you said that Collin County takes no matriculas. 18 MR. MAUN: We don't take them in the office. 19 That doesn't mean that small dealers don't take them. 20 get a little bit of questionable transactions from smaller 21 dealers and some people that are doing things for other 22 people. 2.3 24 MR. MAUN: But the dealer is not transferring that title, the tax assessor is transferring the title. 25

MR. VANDERGRIFF: But a runner from a dealer 2 might come in and bring titles. 3 MR. MAUN: What information they bring varies. I'm not saying they're big companies or anything else 4 with routine systems. 5 6 MR. WALKER: What you also said today is basically that your data distorts Mr. Ames's data where 7 8 he's using a compilation of this big number of \$30 million 9 extrapolated statewide because you're saying in your 10 county that there is zero of this takes place, so when he extrapolates his number, he's extrapolating only his 11 situation. 12 13 MR. MAUN: He was using numbers to accomplish the goal that he wanted to hit. 14 15 MR. WALKER: If we extrapolated your number, it 16 would be almost zero effect to the State of Texas, 17 according to you. MR. MAUN: Not zero. 18 19 MR. WALKER: Very small. MR. MAUN: It would be considerably smaller 20 than the type of number he's generated, yes. And that's 21 22 without even knowing what the numbers are, just knowing how he got it and what he was talking about, because he 2.3 24 used sales tax generated by the franchise dealers as well,

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and you've got to cut that number by at least 50 percent

before you look at it, because, number one, they sell over half of the titles and they're also higher value vehicles, both.

MR. WALKER: Higher value.

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MR. VANDERGRIFF: Thank you, Mr. Maun. Appreciate it.

Last, but certainly not least, we have Donald Schifani. Please come on up. And I'll tell you after about five minutes I'll start sending you signals.

MR. SCHIFANI: My name is Donald Schifani. I'm with Montgomery County Auto Theft. I'm here to represent the Texas Association of Vehicle Theft Investigators.

I just want to reaffirm our position on identification that cannot be verified, we do not want to use that. I have attempted to verify matriculas in particular, I have had zero luck at it. I've even tried to get in touch with the consulate office in Houston on two different days and called random times during the day and never got an answer.

I was involved in a large investigation of title service companies, and we found that in our investigation we couldn't use the matriculas in the prosecution of eight people. We didn't know who these people were. We didn't even know if the picture went with the name and we couldn't verify that. I also ran across

registrations that were done with matriculas that there were -- probably are -- Texas registrations to people that we can't verify, Texas titles to people that we can't verify.

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In the criminal end of this, transportation is a major deal. Transportation is used in almost all crimes. If we cannot verify the identification of the person and the vehicle is transferred into that name, we cannot verify the owner of that car or the registration.

As far as the state's money loss, things like that, I wouldn't know where to begin. I don't have time to do that because of my caseload. Insurance fraud or fraud with the titles, it was so abundant in the two companies that I investigated, I can't even give you an accurate dollar figure on how much that would be. The six-month period, the tax assessor's office in Montgomery County gave us a figure of over \$200,000 in losses. The insurance loss involved with unidentified people, I wouldn't know where to begin. I know that there would be a loss in revenue, some; I don't think it would come close to what we're losing in insurance, in fraud and who knows what other crimes that are involved in this.

So I won't take any more of your time. I just waned to reaffirm our position is we do not think any form of unverifiable identification should be used for titles,

registrations.

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MR. VANDERGRIFF: Thank you very much. Any questions?

(No response.)

MR. VANDERGRIFF: Thank you.

Board members, before we continue discussions, do you have any further questions of Mr. Elliston, or do you have anything you'd like to add, Mr. Elliston?

MR. ELLISTON: If I could just give you one little bit of information. We have a representative from the Mexican Consulate that you recognized earlier but did not want to speak. They would like to speak, so I'd just advise you of that.

MR. VANDERGRIFF: Absolutely. Please. Good to see you again. I wish it was under different circumstances.

MS. OJEDA: I just want to clarify a couple of things that Mr. Ken Maun said about the matricula consular card. The reason he said that people have a matricula consular is that they are illegal. That is not the case. Matricula consular is just an ID, and to be issued needs to have three requisites which is a birth certificate so we know we're talking about a national of Mexico, an official photo ID and a proof of address, plus a fee that is paid to be issued. The fee is very minor, it's \$26.

And a lot of people prefer that versus a passport because 1 2 a passport is very difficult to carry, it's big to put it 3 inside your wallet, it's also more costly, it costs around \$100, and you don't want to lose it. 4 So you have a basic ID that you can bring out 5 6 and show to people around whenever you need it versus carrying a passport which is not practical. That is the 7 8 main reason people have these matriculas, it's just a very 9 easy form of ID that you can carry in your wallet. That's the reason, not because you are illegal. Most of us have 10 Ids. 11 12 MS. RYAN: Do they have a passport to get that 13 card, that ID? MS. OJEDA: A proof of ID with a picture. Some 14 15 bring their passports, some bring another official. has to be a Mexican official ID. Some bring like an ID 16 17 that's used to vote, some have a Texas ID with picture. MR. WALKER: What kind of ID? 18 19 MR. ALCOCER: Texas driver's license. 20 MR. WALKER: So you're telling me that people who have matriculas often have driver's license, Texas 21 driver's license?' 22 MS. OJEDA: Yes, a lot of them do. 2.3 24 MR. WALKER: Then there won't a problem.

MR. ALCOCER: But now with the new law, they

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1	will not be able to have the Texas driver's license.
2	MS. OJEDA: As of now they still have valid
3	driver's license.
4	MR. BARNWELL: And they couldn't get a driver's
5	license under the new law because why?
6	MR. ALCOCER: Because of illegal status,
7	immigration illegal status.
8	MR. BARNWELL: But because they don't have a
9	green card or other legal status over here.
10	MR. ALCOCER: Many of them are recommended but
11	many of them they're not.
12	MS. OJEDA: So we have both types.
13	MR. BARNWELL: So we have people who are here,
14	they have a current driver's license, but when it expires
15	then they won't be able to renew it.
16	MR. ALCOCER: That's correct.
17	MR. BARNWELL: And so you're advocating that we
18	approve the matricula consular card so that they can
19	continue to live here illegally and engage in commerce.
20	Is that right?
21	MR. ALCOCER: No. But the consular ID doesn't
22	grant them immigration status.
23	MS. OJEDA: It doesn't have anything to do with
24	immigration, it's just an ID.
25	MR. ALCOCER: Many of the Mexican nationals

that have the matricula has also the passport.

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MR. BARNWELL: Does the passport have a stamp on it saying that they were legally admitted to the United States, or did they just bring it?

MR. ALCOCER: That's not our job.

MR. BARNWELL: I know it's not your job but our job.

MR. ALCOCER: Our job is to give the document to the Mexican that requests that kind of document.

MR. BARNWELL: Yes. It's important to me that from the standpoint of security for our country, from the standpoint of making sure that the people who drive and engage in commerce in this country are here legally and are verifiable because we put our citizens at risk if we have people on the roads who are unverifiable or who are driving without licenses or who are otherwise here illegally. Compliance with the law is something that everybody in this country needs to do, and it's questionable to me why anyone here legally would need a matricula consular card. I haven't heard an explanation yet that really adequately explains it to me, however, I'm open to being educated.

MS. OJEDA: A lot of people do it just for practical reasons, they don't carry a passport with them because it's too big.

MR. BARNWELL: And they don't carry a driver's 1 license or a Texas ID or any other U.S. Government-issued 2 3 ID. MR. VANDERGRIFF: If I can interrupt, just one 4 question. If they have a passport and they're here, tell 5 6 me the answer when you're trying to buy a car. 7 MR. ELLISTON: A Mexican passport would be 8 acceptable under this current rule to title a vehicle. 9 MR. VANDERGRIFF: Going forward. 10 MR. ELLISTON: If this rule passes, it would be acceptable. 11 MR. VANDERGRIFF: So a matricula card obviously 12 13 helps you, and I certainly understand why you'd rather carry a matricula card in your wallet than carry around 14 15 your passport. I don't want to carry around my U.S. 16 passport where I go other places. But what you're saying 17 is that obviously if you're coming in on an important transaction like buying a vehicle, you can bring that 18 19 passport in. 20 MR. ELLISTON: That's correct. And typically purchasing a vehicle is something you do very 21 infrequently, and if they have a passport from Mexico, it 22 would be acceptable. 2.3 24 MR. VANDERGRIFF: Okay. I just wanted to be

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sure.

1	MR. WALKER: Ma'am, let me ask you a question.
2	I'm not trying to be nosy, and if I am, just say it's
3	none of my business. Do you have a Texas driver's
4	license, do either one of you?
5	MS. OJEDA: Diplomats don't have a Texas
6	driver's license, we have a State Department of the United
7	States issued driver's license.
8	MR. ALCOCER: We have diplomatic status so we
9	have to have to federal license.
10	MR. WALKER: So you have a federal driver's
11	license?
12	MS. OJEDA: Federal, issued by the State
13	Department of the United States, which also carries
14	immunity.
15	MR. WALKER: So you can't get a ticket?
16	MS. OJEDA: Oh, yes, we can.
17	(General laughter.)
18	MR. VANDERGRIFF: Other questions?
19	MS. JOHNSON: Yes.
20	MR. VANDERGRIFF: I'm not sure he's through.
21	MR. WALKER: I'm through.
22	MS. JOHNSON: Who's entitled to a federal
23	driver's license?
24	MS. OJEDA: Other diplomats that are stationed
25	in the United States, as your diplomats who are stationed

1	in Mexico.
2	MS. JOHNSON: Thank you.
3	MR. WALKER: Mr. Chairman.
4	MR. VANDERGRIFF: Do you have other questions,
5	anybody?
6	MR. WALKER: Only of you.
7	MS. OJEDA: Thank you.
8	MR. VANDERGRIFF: Thank you very much.
9	MR. ALCOCER: We brought the presentation of
10	the information of the consular ID.
11	MR. WALKER: We got that last time.
12	MR. VANDERGRIFF: Appreciate you bringing it.
13	Thank you.
14	You have a question of me, do you have any
15	questions of them, or is it just to me?
16	MR. WALKER: Just to you.
17	MR. VANDERGRIFF: Okay.
18	MR. WALKER: If we're ready to move forward,
19	and I think I have a motion on the table at this time, and
20	I think I have a second on my motion from Laura, wasn't
21	it?
22	MS. RYAN: Yes. I might want to amend my
23	second.
24	MR. WALKER: I want to amend my motion.
25	MS. RYAN: You want to amend your first?

1	MR. WALKER: Yes.
2	MS. RYAN: Well, then how about you withdraw
3	and I'll withdraw my second, and then re-lodge it.
4	MR. VANDERGRIFF: Are you withdrawing your
5	motion and making a new motion? If you withdraw, she will
6	withdraw her second.
7	MR. WALKER: Okay. I withdraw my motion.
8	MS. RYAN: I withdraw.
9	MR. VANDERGRIFF: Make your motion.
10	MR. WALKER: Now I'd like to make the motion
11	again.
12	MR. INGRAM: Can I ask one question, just one
13	more comment?
14	MR. VANDERGRIFF: Sure.
15	MR. INGRAM: Something that kind of just jumped
16	off at me is that we're doing all of this primarily for
17	NHTSA. Agree? I mean, that's one of the main reasons
18	we're doing this is so that we can comply with NHTSA that
19	we can go this direction.
20	MR. ELLISTON: It is the large component of
21	this, yes, sir.
22	MR. INGRAM: And not every dealer is going to
23	be part of the dealer sub. Is that what you call it,
24	dealer sub?
25	MR. ELLISTON: Web dealer.

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MR. INGRAM: Web dealer. There's too many acronyms. So I mean, you're going to get your biggest dealers, you're going to probably get some of the bigger independents, but probably the bulk of your independents are not even going to be a part of that process, I would think. So is it possible to have this rule in place where if you want to participate in the e-title that you have a higher standard of ID, where if you don't want to, then it's a lesser standard? Does that make sense?

MR. ELLISTON: Well, yes, it makes sense in one regard. You will already have a higher standard because initially you will be required to have a Texas driver's license so that will have a higher standard there.

However, I think we've run a risk of having issues with what do you have, what do you don't have when you go to title a vehicle. Does your dealership require it but another one doesn't? So I believe, in my estimation, it is a better system if everybody knows what they're supposed to do when they go to buy a car and not what do I have to do depending on which dealer I'm buying my car at, if that makes sense.

MR. VANDERGRIFF: Let me ask a question in followup to this. It will take a period of years, not a few years but ten years, maybe, eight years, it will take a while for the system, particularly through car sales,

new and used, to catch up to where the majority of cars. But is that not your intent in passing this is that etitle becomes the prevalent way of doing business which would be a dramatic improvement, customers service wise, with the residents and buyers in the State of Texas. And so that's the whole point, you can't really have two dual systems, you want to drive it to e-title.

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MR. ELLISTON: That's correct. And being in our customer-centric mode of trying to provide a system, we're going to invest a tremendous amount of money into our systems to get people to use it, and when we got to etitles -- and e-titles does a lot of things for us, but another one, it becomes a lot more secure system because when the e-title is out there, you don't have the paper documents and all floating around, so it's a lot more secure system, so we want to get people to go to that. We hope that we can get a large amount of the dealers, because it will be such a good system, that they won't have to run to the count and take paperwork and all that kind of stuff, that they will want to be on that system, that it will work that way. So for that reason, we'd like to have the standard the same so that for the customer they know what they need when they go to title and register.

MR. VANDERGRIFF: Isn't it also true, as well,

that we have a significant sum of money which this board has authorized to be spent on a re-factoring of the database and using it as the platform, and then we have a significant sum of money which this board has authorized this agency to ask for, I mean, all told, close to \$100 million that will fund a lot of these programs, and you have to have some certainty in the ID number in order to be able to avoid having to use a handwritten or handsigned odometer statement. You're going to have to have a replacement for that, and that's where we have the NHTSA approval.

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MR. ELLISTON: That's correct.

MR. VANDERGRIFF: And failure to have that means that how do we go out on the automation project that's coming here next month and not have some certainty so that the vendor community and we, as an agency, can spend money on improving the lives across the board for citizens, for tax assessor-collectors, and for everybody. Is that not correct?

MR. INGRAM: That's a point well taken. I agree with that.

MR. RUSH: Can I ask a question? Isn't there kind of two issues to this? Don't we want to fix some way to when we fix how you get a title, what documents you need, and then we've go to do the process they've got to

do by next September? Is that correct? 1 MR. VANDERGRIFF: Well, if we vote on this rule 3 in the way it -- well, we don't have a motion on the floor 4 anymore. MR. RUSH: I'm fixing to suggest one. 5 6 MR. VANDERGRIFF: What we did is we were agreeing to basically adopt a system which would require a 7 certain level of identification, but that would not become 8 effective until September 1, 2013. The law would be 9 effective, but actual implementation. 10 MR. RUSH: Can I ask why it would not be? 11 12 MR. VANDERGRIFF: Because we were giving time 13 for the automated process that they're working on now. MR. RUSH: But you could still give them time 14 15 and still instigate this, I think, the identification 16 process. 17 MR. ELLISTON: If I understand your question correctly, Member Rush, you're asking why do we need to 18 19 wait until next year to implement the current identification process? 20 MR. RUSH: Identification process. Not 21 anything to do with this other thing, but it can be put 22 into it later. 2.3 24 MR. ELLISTON: Yes, sir, that's correct. The

rules as they are laid out would require, if you pass it

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exactly like it is, that --

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MR. RUSH: I'm not talking about exactly like it is.

MR. ELLISTON: But if you did, then immediately upon it going into effect, the things we have identified as types of identification would be required. We previously heard a motion that said for the first year we just want to accept a government ID, not specifying what that is. That gives the dealer community time to get acclimated into the process of collecting IDs and that sort of thing for the first year. We've heard from law enforcement that's important for them to have ID to know who people are that are in front of them.

MR. RUSH: Why does it take them a year to do that?

MR. VANDERGRIFF: Well, here's one thing, we would be collecting data which we have no real ability to use until such time as we get software in place.

MR. RUSH: You mean we can't demand certain documents that says this shows that you can title a car or buy a license, or whatever?

MR. VANDERGRIFF: We used to demand a Social Security number but we had no real system in which to -- and you may remember this from your retail days -- no real system in which to use it. This is before any of us were

1	here, or this agency, and it ended up people would just
2	put 999-99-9999 on it, and that was abolished just
3	recently.
4	MR. RUSH: I thought I understood you had to
5	have a driver's license, you had to have a government-
6	issued ID, or loppity-doppity, to be able to do it.
7	Right? You can't do that now? Can you tell me why?
8	MR. ELLISTON: Well, currently we have a
9	statute on the books that said we will require
10	identification at the time of title. The statute also
11	says that the board, by rule, will determine what that is.
12	So that's the process we're in now is to determine. The
13	law exists that you are required to have it, that has
14	existed since September 1 of last year on one bill and
15	then another bill went into effect January 1 of this year.
16	So we are required to get ID for that but it also says
17	the board has to determine what that is.
18	MR. RUSH: And we haven't done that.
19	MR. ELLISTON: And we have not done that, so
20	that's where we're at today.
21	MR. RUSH: And we can do that now.
22	MR. ELLISTON: Yes, sir, you can do that.
23	MR. WALKER: That's what we're doing.
24	MR. ELLISTON: That's what we're doing today.
25	MR. RUSH: Well, I know, but you're trying to

1	put a timetable on the next one which is next September.
2	MR. WALKER: They're just saying let's don't
3	implement the full scale of this thing.
4	MR. RUSH: Implement the ID scale, don't
5	implement the rest of it, and when they get ready for the
6	rest of it, then put it on.
7	MS. RYAN: That's what I think is the motion
8	that I think Johnny is about to make.
9	MR. RUSH: It may have been but I didn't
10	understand that.
11	MS. RYAN: I think that's what you're going to
12	do. Right?
13	MR. VANDERGRIFF: Do you have a motion?
14	MR. RUSH: No.
15	MS. RYAN: Yes, but he pulled it to amend it.
16	MR. RUSH: And you understand where I'm coming
17	from?
18	MR. WALKER: I thought I did but I'm not sure
19	right now.
20	MR. RUSH: I just think that we're trying to
21	get it too much at once. We start an ID process, whatever
22	that process would be, that would be required on such-and-
23	such a date.
24	MR. WALKER: We have a requirement by the
25	statute right now that requires us to implement this bill.

I don't know that there's a time. 1 MR. VANDERGRIFF: I apologize for cutting this 2 3 a little bit but we're going to lose at least one more board member really quickly. 4 MR. WALKER: Me. 5 6 MR. VANDERGRIFF: No. You have to stay till the end, whenever that is. 7 8 MS. RYAN: I got permission before that. MR. VANDERGRIFF: She had prior permission. 9 10 MR. RUSH: All I'm saying is do it without doing the other. 11 MR. WALKER: You want to do it without an 12 13 interim. Let me make my motion and then you try to amend it. 14 15 I move that we amend the proposed rule as 16 follows: to require the owner applying for title to 17 present a government-issued photo ID which contains a unique ID number, a birth date, an expiration date, and 18 19 that it's current and no more than one year past its expiration until August 31 of 2013. That's any government 20 ID, as I described it. 21 Number two, on September 1 in 2013, the ID 22 requirements as currently proposed would become effective. 23 24 Number three is that we exclude paragraph 217.3, section H, paragraph 2, page 26, just the last two 25

1	sentences starting with: "If the vehicle was in the
2	possession of the title applicant" through the end of
3	the paragraph. That satisfies the car dealers through
4	TADA that drops the requirement that Karen would like to
5	see.
6	MS. RYAN: What page are you on?
7	MR. WALKER: Twenty-six.
8	MR. INGRAM: So is that the end of the motion?
9	MR. WALKER: Yes.
10	MR. INGRAM: So basically it's the same motion
11	but you added the TADA request.
12	MR. WALKER: I added that TADA request in
13	there.
14	MR. RUSH: Why do you make it start 2013, why
15	can't you make it start September 1 of this year?
16	MS. RYAN: Because people have processes to put
17	in place.
18	MR. RUSH: That wouldn't take 60 days to get
19	the ID situated.
20	MS. RYAN: But we can't enforce it, there's no
21	audit, there's no enforceability.
22	MR. RUSH: Is it going to take a year and a
23	month to get that done?
24	MR. INGRAM: There's a motion on the table;
25	I'll second that motion.

MR. VANDERGRIFF: I want to make sure. I apologize, I wanted to look at some notes first.

We have a motion and we now have a second for that motion by Mr. Ingram. Do we have any discussion on it? And I think that's what was starting over here, but it needs to occur with the whole board.

MS. RYAN: Sorry.

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MR. RUSH: Can I ask why it has to be delayed till next September 1? Does it take you that long to figure out what ID you've got to have, 13 months?

MR. KUNTZ: If I may take a stab at that. The motion that he is making, that he is laying out right now is only affecting the types of IDs that would be acceptable between now and August 31. Under his motion, any governmentally issued ID would be accepted until August 31. The process of requiring that ID would start 20 days from the time that this final order is posted, so 20 days, I believe our estimate is that Monday this would be posted, 20 days from Monday all title transactions would require a government ID, not specified as to the type of government ID, but those IDs would all be required for any title transaction in the State of Texas.

MR. RUSH: Government ID, what does that entail?

MR. KUNTZ: That entails every governmentally

1	issued ID in the world. There is no specification as to
2	the type or who issued it.
3	MR. RUSH: When you say government, it could be
4	a Mexico driver's license.
5	MR. KUNTZ: Yes, it could be a Mexico driver's
6	license, it could be an ID issued by the county, it could
7	be an ID issued by the city, as long as that ID has a
8	photo, a unique ID number, a birth date and an expiration
9	date on that ID.
10	MR. RUSH: Address?
11	MR. KUNTZ: Address is not a requirement under
12	the motion that he just made.
13	MR. RUSH: Okay.
14	MS. RYAN: Well, it's not on the posted rule.
15	MR. KUNTZ: Under the motion that he just made,
16	he did not require an address on that ID.
17	MR. RUSH: So a guy from Argentina could bring
18	his license up here and title a vehicle. Correct?
19	MR. KUNTZ: Yes, sir.
20	MR. ELLISTON: Or a Mexican matricula card
21	would also be acceptable under that motion.
22	MR. KUNTZ: And then starting September 1, the
23	list of IDs that you have before you in the proposed rules
24	would become effective, and therefore, limit the number of
25	IDs that are accepted.

MR. RUSH: September 1 when, of '13? 1 MR. KUNTZ: Of '13, correct. 2 3 MR. WALKER: Would you like to change the date? MR. VANDERGRIFF: There was some, I guess, 4 chatter and discussion about that, but my understanding is 5 6 we've got a motion and a second. 7 MR. RUSH: My only question is why does it take 8 till next September to just get the ID portion in place. 9 That's my question. 10 MR. VANDERGRIFF: The ID portion would be in 11 place. MR. RUSH: Yes, but it's for everything. 12 13 MR. VANDERGRIFF: Yes. But the reason being is that you're requiring basically the major change is you 14 15 need a driver's license number in order to move the e-16 title system forward, and if you don't have an e-title 17 system in which the trigger or the driver is the driver's license number, you can't do anything with that 18 19 information until such time as the system is up. 20 MR. RUSH: We're not saying they're going to have to have a driver's license now, they're going to have 21 to have that in 2013, but they don't have to have that 22 2.3 now. 24 MR. VANDERGRIFF: But if we started requiring 25 it immediately, there's nowhere to go with it, there's

noting to do with it, so it's like we're putting a potential economic hardship on the counties or on the dealer body where we have --

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MR. INGRAM: No apparent purpose.

MR. VANDERGRIFF: -- there's no purpose, we'd just be collecting data for no reason. And we have no ability to enforce it either. How would we enforce it?

MR. INGRAM: And I think also, Mr. Rush, I'd just point out that, from an independent side of things, it's going to require a lot of dealerships throughout Texas to rethink their business plan, so we just can't really expect them to all of a sudden stop because there are quite a few businesses that do sell a lot using the matricula consular card, and literally they would be out of business overnight. So this allows those individuals that maybe it's 10 percent of their business, maybe it's 50 percent of their business, to come up with a new business plan, a new model to work into this as it gets closer.

MR. VANDERGRIFF: It also allows the agency time to properly plan on how to administer the rule even beyond where we are with respect to the automated systems that support it.

MR. WALKER: I call for a vote.

MS. JOHNSON: I just want to make a statement

1	on why I'm not going to support the motion. I'm still
2	concerned about the \$15 fee that I don't think is
3	necessary in this economy, and the expired driver's
4	license offends me.
5	MR. VANDERGRIFF: Any other comments from the
6	board members?
7	(No response.)
8	MR. VANDERGRIFF: All those in favor of the
9	motion as presented by the way, does anybody need it to
10	be read again to be sure?
11	(No response.)
12	MR. VANDERGRIFF: All those in favor of the
13	motion as presented by Mr. Walker and seconded by Mr.
14	Ingram, please raise your right hand.
15	(A show of hands: Barnwell, Ingram, Rush,
16	Ryan, Vandergriff and Walker.)
17	MR. VANDERGRIFF: All those opposed.
18	(A show of hands: Johnson.)
19	MR. VANDERGRIFF: The motion carries six to
20	one.
21	With that somewhat circuitous route through our
22	agenda today, I appreciate everyone's patience here in
23	doing that, but I would be pleased at this point, having
24	no further business, to entertain a motion to adjourn.
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ON THE RECORD REPORTING (512) 450-0342

MR. WALKER: I would move.

25

1	MS. RYAN: I second.
2	MR. VANDERGRIFF: We have a motion from Mr.
3	Walker, a second from Ms. Ryan.
4	All those in favor please raise your right
5	hand.
6	(A show of hands.)
7	MR. VANDERGRIFF: Those opposed.
8	(No response.)
9	MR. VANDERGRIFF: Thank you. We are adjourned.
10	(Whereupon, at 3:21 p.m., the meeting was
11	concluded.)

1 CERTIFICATE 2 MEETING OF: TxDMV Board 3 4 LOCATION: Austin, Texas 5 DATE: August 9, 2012 6 I do hereby certify that the foregoing pages, 7 numbers 1 through 242, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording 8 9 made by electronic recording by Nancy H. King before the 10 Texas Department of Motor Vehicles. 11 12 13 14 15 16

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08/16/2012 (Transcriber) (Date)

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